See SPORTS, Page 19

PARIS, MONDAY, APRIL 18, 1988

ESTABLISHED 1887

Israelis

Seal Off

Enclaves

Death Toll at 14

After Riots Over

PLO Aide's Death

By Glenn Frankel

Washington Post Service JERUSALEM - The Israeli

Army sealed off most of the occu-

pied West Bank and Gaza Strip on

Sunday and imposed curfews on nearly a half million Palestinians

following a wave of violence pro-

testing the assassination of a senior Palestinian Liberation Organiza-

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Gorbachev's Dilemmas

Pulling Out Of Afghan Valentina Tereshkora de la man in space, spoketo los di and spiritual leadors more di della survival forum at fui della coma della c Quagmire

By Don Oberdorfer Washington Post Service The Soviet Union's fitful march out of the quagmire of Afghanistan

began to develop within a month of Mikhail S. Gorbachev's rise to power in March 1985, but it took three more years of bloody stalemate on the battlefield and hidden diplomacy in Moscow, Geneva and Washington to bring the impending military withdrawal to the brink of reality.

Like the United States in South

Vietnam, the Soviet Union failed at every turn and was forced in the emaie volume and some covery turn and was robe exit with only tenuous international cover.

For Mr. Gorbachev, who was a nonvoting candidate member of the Politburo at the time of the post-Afghanistan world for us, decision to invade Afghanistan in December 1979, and who was not personally committed to the war, 1985 was a year of testing and temporizing about Afghanistan, 1986 a wear of showdowns on the battlefield and 1987 the year of decision to withdraw. By no later than July 1987 the die was cast, but arranging the pullout under the Geneva talks sponsored by the United Nations took nine months longer.

The Soviet march out of Aighanistan is among the momentous events of the 1980s, likely to have ers, General Mikhail M. Zaitsev. far-reaching impact on the Soviet system, on the international climate and relationships among na-

ple, whose growing antipathy to coffins and maimed and bitter sollin could not ignore. What is less former chief of the Afghan secret predictable is the reaction of the Soviet Communist Party, military and public if, as is widely expected, the Mesons decreased Value and the Mesons decreased and the property decreased with the control of the Afghan secret police. diers coming home even the Kremthe Moscow-dominated Kabul regime collapses within a few months energetic Mr. Gorbachev had no and Islamic fundamentalists take control. The Reagan administraover another nation on Russia's southern border, adjacent to millions of Soviet Moslems.

This is the beginning of a new

Kiosk

U.S. Sets Study Of a 2d Airline

WASHINGTON (Reuters) - Transportation Secretary James H. Burnley 4th said Sunday that the government would undertake a major safety investigation of Continental Airlines inc., similar to one being conducted into Eastern

Air Lines Inc.
Continental is the flagship airline of Texas Air Corp., which also owns Eastern. Mr. Burnley said a review of Federal Aviation Administration files revealed almost \$1 million in potential fines pending against Continental

Iraqi Offensive To Retake Faw

KUWAIT — Iraq launched a large offensive Sunday a large offcusive Sunday aimed at driving Iranian forces off the Faw Peninsula, where Iranian military authorities said their forces were bombarded during the day with chemical weapons. The Iranians said "fierce fighting" was under way Sunday night. The surprise offensive took place on the first day of Ramadan, the Moslem month of Page 2

MONDAY Q&A



Prime Minister Bob Hawke of Australia confronts his country's racial and economic problems. Page 2.

General News

Newly rich people in Japan are threatening to consume the middle-class consciousness of Page 7.

A project to build a futuristic laser for the SDI program is far behind schedule and short

of funds. Business/Finance

Motorola Corp. is joining the ranks of companies making computer chips with the radical new RISC design. Page 15.

Party Inertia **Hobbles His** Reform Plan

By Philip Taubman

New York Times Service MOSCOW — There is a growing sense in the Soviet Union that major elements of Mikhail S. Gorbachev's effort to reshape the country have been crippled, if not paralyzed, by inertia and resistance in the Communist Party and the gov-

Two months before a critical party meeting that Mr. Gorbachev hopes will give his program mo-mentum. Soviet officials, in private and public, are warning that many of his policies are not working.

From a high point in the first half of 1987, when the party's Central Committee approved an ambi-

litical change, many of Mr. Gorbachev's initiatives have steadily lost force, diluted and distorted by entrenched interests. The initiatives most affected are those that deal with economic change, including new programs and laws designed to decentralize the economy and give greater aulonomy to factory and farm man-

agers, and policies aimed at inject-

ing new vitality and flexibility into

party organizations. The attenuation does not seem to pose an immediate threat to Mr. Gorbachev's position as Soviet leader, although there have been recent hints of political instability in the party leadership.

Unconfirmed but widely believed reports of a bitter clash belie

tween Mr. Gorbachev and the party's No. 2 official. Yegor K. Ligachev, have circulated in Moscow in recent days, Mr. Ligachev reportedly endorsed and helped guide into print a newspaper article last month that said liberalization was going too far under Mr. Gorbachev. According to the reports, the Politburo subsequently approved a mild reprimand of Mr.

The Politburo and Central Committee have generally approved Mr. Gorbachev's policies. The immediate problem lies primarily outside the leadership. It, in essence, is a recalcitrant political and economic

Mr. Gorbachev, clearly aware that his program has encountered See SOVIET, Page 6



As West Bank protests continued, Israeli troops fired live ammunition and rubber bullets Sunday at demonstrators in El Hader.

Hijackers Give Mediators More Time of a diabetic hostage since the 747 been made almost daily — was landed in Algiers on Wednesday. The sources added that, without sage from a hostage named Fahmi label.

By Jonathan C. Randal

ALGIERS - Hijackers holding 31 Arab hostages aboard a Kuwait Airways jumbo jet relented Sunday and gave the Algerian government more time to break the deadlock.

The hijackers, believed to be pro-Iranian Shiite Moslems, first ex-tended a deadline for leaving Alge-ria, then renewed threats to kill the 28 passengers and three crew members on the jet.

The midday message, relayed through the Algiers airport control extend" their deadline at the request of their "Algerian brothers" to allow the discussions to go for-

But Algerian sources acknowledged that they had accomplished

a breakthrough, which appeared increasingly dim, they would not object if the airliner flew elsewhere. The hijackers asked Saturday for fuel to leave Algeria for an undisclosed destination "to settle their account with Kuwait" because, they said. "We don't want to have

the massacre in a friendly country." On Sunday they revealed that they had fixed a deadline in a message asking for 20 tons of kerosene, or enough to power the plane's airtower, said the hijackers "agreed to conditioning system for two days.

But there was no immediate confirmation from the Algerians that any such deadline had been set. Nor did the hijackers set any new deadline for their departure.

The threat Sunday to kill the little more than secure the release hostages — similar threats have

Awad Doukhi, son of a well-known terrorists, according to Western deceased Kuwaiti singer.

After sending greetings to his family, Mr. Doukhi said. I pray to God the Kuwait government re-leases the 17 young men." The reference was to the hijackers' central demand, that 17 Arabs held in jail in Kuwait for terrorist attacks ya in 1978. against oil installations and the French and American embassies in

Arabic locution for death.

"The passengers are all well,"

The substance of their discussions was not disclosed, but they control tower.

tightened with armed policemen appearing on the roof of the main Palestine Liberation Organization terminal building and stationed at said they feared they might be Agency operations there. An Israeli regular intervals on the apron in an asked to renew their role as negotiarc around the hijacked aircraft.

on Iran, which made analysis official Algerian news agency.

on Iran, which made analysis doubt the PLO would be an acceptdoubt the PLO would be an acceptable interference for the hijackers.

then diverted to Meshed, in north-then diverted to Meshed, in north-eastern Iran. and then to Cyprus, before landing in Algiers.

Cyprus, and their remaining cap-tives include three members of the But Colonel Gadhafi, now seek- Kuwaiti royal family.

diplomats.

Moreover, Shiite Moslems, especially Lebanese, still blame him for the unsolved disappearance of Imam Moussa Sadr, the Iranianborn leader of Lebanese Shiites. He disappeared while on a visit to Lib-In other exchanges, the Algerian

president, Chadli Bendjedid, talked on the telephone with King Fahd of December 1983.

"Otherwise," he added, "our fate will be black." The phrase is an Ahmad as-Sabah, the ruler of Ku-

presumably dealt with the hijack-

Meanwhile, airport security was ing.

Meanwhile, sources close to the In a flurry of diplomatic experian officials have reached an imhanges believed linked with the passe.

conferred Saturday with the Liby-an leader. Colonel Moammar Gad-Yasser Arafat, the PLO chair-been killed. hafi, in Tripoli, according to the man, recently blamed the hijacking on Iran, which made analysts day to remain in their homes in 15

that Libya might be the next desti-nation for Kuwait Airways Flight

The hijackers released a total of

At least 14 Arabs were killed Saturday by Israeli troops in the bloodiest violence yet in the occupied territories as Palestinians demonstrated their anger over the

tion leader.

Israel is widely believed to have carried out the killing of the No. 2 PLO leader. Page 6.

killing Saturday in Tunis of Khalil al-Wazir, better known as Abu Ji-had, who was Yasser Arafai's se-

nior military deputy. Both the Gaza Strip and the West Bank erupted following radio reports of Mr. Wazir's death. Thousands of mourners took to the streets carrying Palestinian flags and staging mock funerals in sever-

al major towns and refugee camps. In some places, the army backed off, allowing mourners to vent their anger without confrontation. But in others, soldiers waded into demonstrators using the aggressive tacties that led to a sudden jump in the death toll two weeks ago.

The worst violence was in the Gaza Strip, which was Mr. Wazir's home for 15 years. Plumes of black smoke from makeshift burning barricades were visible across the strip, and the streets of Gaza City were filled with grim young men wielding stones and bottles and waiting to confront army patrols.

United Nations officials asserted that Israeli troops opened fire in several areas without warning. From reports we have, they used no warning shots, no tear gas and no rubber bullets — they just opened fire," said Bernard Mills, head of the UN Relief and Works

The toll Saturday brings to at least 142 the number of Arabs killed since the Palestinian uprising hijacking, the Algerian foreign hijacking, the Algerian foreign charge of discussions that led to the minister. Ahmad Taleb Ibrahimi, charge of discussions that led to the charge of di

Palestinians were ordered Sunrefugee camps, as well as in the West Bank city of Nablus and the that Libya might be the next desti-nation for Kuwait Airways Flight
The hijackers released a total of
11 hostages during stops at
12, which was hijacked April 5 on
13 hostages during stops at
142, which was hijacked April 5 on
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18 hijackers released a total of
18 hostages during stops at
18 hostages during st Kalkilya and Tulkarm - were declared closed military zones. Jour-

See ISRAEL, Page 6

In Upstate N.Y., It's Dukakis

By R.W. Apple Jr.

BUFFALO, New York - There are two ways to look at the electoral

element and what it may mean to Governor Michael S. Dukakis of Massachusetts, the Reverend Jesse L. Jackson and Senator Albert Gore Jr. of Tennessee. About a quarter of the electorate is Jewish, they say, and about a quarter of it is

Upstate, the division is made along geographical lines. The re-gion has a bit more than half the primary vote in the five boroughs of the city, they say, less than a quarter in the city's suburbs and slightly more than a quarter north of the Westchester County line in places such as Buffalo, Rochester and Albany.

tory this year may lie upstate, despite all the storm downstate over is no longer campaigning actively. the Jewish vote.

The Massachusetts governor has built what looks like an impregnadential primary in New York on Tuesday.

ble lead upstate, according to opinion polls, party leaders and journal-In New York City, the politicians remind everyone of the ethnic element and what is more politicians remind everyone of the ethnic element and what is more politicians remind everyone of the ethnic stantial but still not design as a country's not ready for Jackson. gin, in large part because there are they'll settle for Dukakis if they more blacks supporting Mr. Jack-son in the New York City area than there are upstate.

A CBS News Poll conducted

Tuesday, Wednesday and Thursday showed that, among upstate Democratic primary voters, Mr. Dukakis had about half, Mr. Jackson about a fifth and Mr. Gore less than a tenth.

A survey of Eric County, which includes the Buffalo area, produced similar findings in greater depth. A poll of 624 registered voters, taken by Goldhaber Research Associates on Monday and Tuesday, gave Mr. Dukakis 52 percent, Mr. Jackson For Mr. Dukakis, the key to vic-

I percent, with 23 percent undecided. Mr. Jackson has almost twice as big a share in statewide polls.
Commenting on his poll, Gerald
M. Goldhaber, head of the survey

insisted last week that he would not accept a draft as the Democratic presidential candidate. The picture appears similar else-

where in the region. A leading figure in the Albany Democratic organization. who asked not to be identified by name, said Mr. Dukakis "would have to do something unusually stupid" to avoid finishing first in the state capital.

Mr. Dukakis has built his big lead upstate without benefit of extensive campaigning. The key has

See ELECTION, Page 6

community of Jews in Warsaw, leading a prayer during an independent rally on Sunday that commemorated the 45th anniversary of the Jewish ghetto uprising against the Nazis. Page 6. ternational Monetary runo is incoming toward a major role in aiding debt-burdened countries in Eastern Europe and is exerting a significant influence over the Soviet blocks. To Jumpy U.S. Markets, Good Economic News Smells Bad less interested in good news. It wants drama, and there Recession, of course, is still bad news for Wall natizes U.S. exporters. A depreciating dollar leads to

By Reginald Dale

International Herald Tribune Six months after the great market collapse of 1987, the good news is that the U.S. economy is far healthier

PRAYERS FOR WARSAW VICTIMS - Mozesz Szapiro, an elder of the small remaining

than almost anyone expected. The bad news is that the good news gives Wall Street the jitters. To the uninitiated, markets can often seem perverse.

But recent weeks have added a bizarre new twist. The faster the U.S. economy expands, the more anxiously Wall Street seems to worry that it will contract.

Some people think the market doesn't even want good news. The market is desperate for real news," said rioward Kurz, a partific in the riots divese growth was good for corporate profits and thus good street," said J. Paul Horne, Smith Barney's Parisment management firm Buchen, Kurz & Co. "Even for the market; recession was bad for the opposite Street," said J. Paul Horne, Smith Barney's Parisment management firm Buchen, Kurz & Co. "Even for the market; recession was bad for the opposite micro-news can push things around. But the market is reason.

is greater drama on the downside.

What sounds like a new school of inverse analysis what sounds like a new school of inverse analysis has been appearing in the market reports: Wall Street that the market reports will street the market reports and the market reports will street the market reports and the market reports will street the market reports and the market reports will street the market reports and the market reports will street the market reports and the market reports will be a market report will be a market will be a market report will be a market will be a

Growth is now bad news because it could lead to inflation and then to recession. Growth also means higher imports, which are bad for trade figures and the dollar.

And the regular kind of dad news, the the poor old.

trade data that sent stocks and the dollar reeling on is "unnerved" by declining U.S. unemployment; the figures and bad for the dollar.

Thursday, is still just as bad.

Somewhat down't support the market down't support the poor of relief in the charge of relief in

of good news from the foreign exchange market.
"Whether the dollar goes up or down, it's bad for Wall

lapse, most experts started forecasting a U.S. recession

for 1988. "The only question then was whether it would be a recession or a depression." Mr. Kurz said. Since early this year, and particularly since last month, signs have started appearing that the U.S. economy is much stronger than the prophets of doom had predicted. A few figures, notably those showing

declining unemployment and steady industrial output, are beginning to turn the consensus around. A number of experts are now "in a race to predict the highest growth rate," Mr Horne says. Some private

See MARKETS, Page 17



world for us.' A Soviet official

said a Soviet official, interviewed in Moscow earlier this year. "Since World War II, every other major power has lost a war: The British lost east of Suez, the French lost in Algeria, the United States lost in Vietnam. Until now it hadn't happened to us, but now we will be like everyone else."
Mr. Gorbachev's first major

move, in mid-1985, was an effort to turn the tide of war militarily under the command of one of the Soviet

The next turning point, in early 1986, began with Mr. Gorbachev's declaration that the Afghan war was "a bleeding wound," a signal of Inside the Soviet Union, the pull-doubtful long-term commitment. Formurg And Conta has shout from a highly unpopular war is worth Done award a conta likely to be welcomed by the peounsuccessful bid for an internal political solution, replacing him with Major General Najib, a hulking

> decisive - phase, over which the tion, after much congressional prodding, sent sophisticated, heatseeking Stinger anti-aircraft missiles and other powerful new weap-oury to the Afghan resistance.

The new equipment gave the mu-jahidin formidable advantages on the battlefield, particularly by de-priving the Soviet Union of uncontested control of the air. Faced with this shift in the military balance. the Soviets chose not to match it with an escalation of their o The political decisions that fol-

lowed were played out in three cru-cial meetings between Mr. Gorbachev and General Najib. In the first encounter, in mid-December 1986, Mr. Gorbachev secretly informed the Afghan that the Soviet troop commitment was limited and that the end game would begin in the summer of 1987, ac-cording to an Afghan official who later defected to the West.

The second meeting, on July 20, 1987, was to inform General Najib that the Soviet leadership was determined that their troops would be leaving in 12 months "whether you are ready or not," according to a Kremlin official.

The third meeting, on April 7 this year in Tashkent, a Soviet city near the Afghan border, sealed the final terms for the Soviet withdrawal. Reports reaching the State De-partment suggest that General Naib had to be pressured to agree, and that a Soviet commitment of future military aid to the Kabul government was among the topics

The current story begins with a Communist-led takeover of the Kabul government in April 1978, and the entry of Soviet troops in De-See QUAGMIRE, Page 5

IMF Adopts Aid Role in East Europe

By Jackson Diehl Washington Post Service

WARSAW - After years of watching from the sidelines, the In-Europe and is exerting a significant influence over the Soviet bloc's most important economic reform

Both Hungary and Yugoslavia, which have shunned the rigors of IMF stabilization programs in recent years, are now on the verge of receiving new "standby" loans from the agency and accepting IMF performance criteria. The shift follows serious deterioration in the foreign debt status of the two countries during the last two years.

In addition, IMF officials have agreed on an informal standby program with Poland for the last six months of this year, opening the way for the agency's first cooperative effort with Eastern Europe's largest and most economically troubled debtor. If successful, the

See IMF, Page 17

In less topsy-turvy times, it was simpler: Economic growth was good for corporate profits and thus good

analysts are now forecasting inflation-adjusted U.S.

1941 Red Army Executions Revealed MOSCOW (UPI) - Stalin ordered the execution of more than 20

senior Red Army officers, who had been purged and imprisoned in secret police dungeous, as the Nazi armies approached Moscow, a Soviet

The article in the magazine Ogonek, based on previously unpublished interviews in the mid-1960s with a World War II commander, Marshall

Georgi K. Zhukov, indicated that those killed late in 1941 included the former head of the army, Mikhail N. Tukhachevsky. He was thought to

The Soviet public also was told for the first time that a dozen years later

Hawke Confronts Racial and Economic Woes in Australia

As it celebrates its bicentennial, Australia is facing problems of national identity, economic growth and voter displeasure with a drop in living standards. Prime Minister Bob Hawke discussed these topics with Michael Richardson of the International Herald

Q. Some critics say that Asian immigration and the government's promotion of multiculturalism are causing division in Australia and weakening a national identity based on an Anglo-Celtic heritage. Do these policies need to be re-

A. Since 1972, successive Australian governments have viewed the notion of a racially discriminatory immigration policy as both abhorrent and contrary to the nation's best interests. As long as I am prime minister we will not see a return to such an odious system.

Q. Aborigines have often been the victims of European settlement in Australia. What is your government doing to remedy past injustices and present inequalities between black and white Australians?

A. Since my government came to office in 1983, expenditure on programs for aboriginal advancement by the government has increased in real terms by over 60 percent. We recently announced a series of major policy initiatives to be worked through in full consultation and cooperation with aborigines and Torres Strait islanders.

These initiatives include a proposal for a compact or treaty of understanding to be established between aboriginal and nonaboriginal Australians.

Q. What are the main problems facing Australia? A. The major economic challenge fac-

ing Australia is the need to stem the

MONDAY Q&A

deterioration in our external situation, which is characterized by a large current account deficit, a very high level of for-eign debt relative to GDP and an onerous

debt service problem. Falling commodity prices have played a large part in Australia's external problems. The balance of trade in goods and services must turn around from a deficit to a substantial surplus. This would require the volume of exports to grow at a rate significantly faster than world trade growth over the next decade.

Q. The center of gravity of world economics power has shifted to the Pacific basin from the Atlantic and this trend is likely to intensify in the years ahead. Has Australia made enough adjustment to its economy and social attitudes to take full

advantage of its position as a Pacific

A. The Pacific region is by far the most mportant trading area for Australia. In 1985-86, almost 66 percent of Australian exports were directed to countries in the region and about 63 percent of our mports came from the region.

The government has a long-term objective of fostering the development of the Australian economy so that it will be more outward-looking, more internationally competitive and more adept at capi-talizing upon the opportunities offered by the rapidly changing and dynamic Pacific economy.

Q. What role would you like to see Japan playing to promote security, politi-cal stability and economic growth in the Asian-Pacific region?

A. There is a need to recognize that Japan, through its economic and financial strength, already makes an important contribution to stability and security in this region, and to the West generally.

It is important also to evaluate critically the "traditional" notion that major economic powers need, at the same time, to be major military powers. The interdependence of nations in trade, industry and finance is itself an important stabiliz-

In view of Japan's constitutional re-

sensitivities, Japan's involvement in regional security matters might well be in areas other than extending its military capabilities. There is a trend toward promoting regional development and

Q. Relations between Australia and France have been strained over French nuclear testing in the Pacific and French policies in New Caledonia. Have relaions improved in recent months?

A. Australia's policies on New Caledo-nia and French nuclear testing are well known. I expect the differences on these issues to continue, but that is no reason why Australia and France can't build on common interests in other areas.

Q. To what extent have protectionist measures in the United States affected Australia's longstanding security rela-tionship with the U.S. under the ANZUS treaty, including maintenance of joint security facilities in Australia that provide America with important communication, intelligence and early warning of a nuclear attack?

A. We are concerned at the substantial damage which protectionist measures have done and are continuing to do to international commodity prices and the traditional markets on which efficient producers such as Australia rely for major portions of national revenue.

There is a danger that the financial difficulties Australia could experience as a result of protectionist trade policies would impair our ability to maintain effective Australian contributions to international economic and military security.

It should be clearly understood, however, that the fundamental national interests upon which security relations between Australia and the U.S. are based remain unchanged. The ANZUS treaty provides the fundamental framework within which Australia bases its defense planning and the ANZUS alliance underlies Australia's ability to maintain its posture of defense self-reliance.

Q. Do you regard a good relationship between Australia and Indonesia, the world's fifth-most-populous nation, as being a fundamental national security interest for Australia? What needs to be done to bring about closer ties between the two countries?

A. In the light of the strong nexus between regional security and our national security, we seek to maintain a sound and constructive relationship with Indonesia. The relationship, however, goes well beyond defense and security. There have been some strains in recent years but, overall, the relationship is working satisfactorily in most areas. We would like to see further development of the trade and economic relationship.

indicating that Mr. Kikumura had

received logistical support from

Law-enforcement officials said

Mr. Kikumura was arrested a

Marshal Zhukov got his revenge by personally arresting Lavrent P. Beria, the head of the secret police, who was executed after Stalin's death Contras Reject Latest Peace Proposal

have died immediately after a 1937 show trial.

magazine said Sunday.

MANAGUA (Reuters) - Leaders of the Nicaraguan rebels rejected on Sunday a peace proposal offered by the Sandmist government, calling the plan a setback that raised doubts over whether the civil war could be

Adolfo Calero, a rebel leader, called for a separate agreement on unresolved technical issues before discussion on how to advance toward.

He said the Sandinist proposal, details of which were not immediately available, had produced "tremendous doubts" among rebel leaders over whether a preliminary agreement signed last month between the rebels and Managua could work. He said the latest proposal did not address. democratic reforms to be undertaken.

Fighting Mars Korea Political Rallies.

SEOUL (AP) — Supporters of rival candidates battled at political rallies throughout South Korea on Saturday during campaigning for legislative elections. The police said about 12 people were injured. It was the first day of "joint" rallies attended by opposing candidates in

the April 26 balloting.
At stake are 299 National Assembly seats, of which 224 are to be filled by direct popular vote. The remaining 75 seats will be allocated to parties according to their share of the total vote.

Cubans Uncover a Smuggling Ring

HAVANA (Reuters) — Cuban customs officials have uncovered and international smuggling operation that brought scarce U.S. dollars and Western merchandise into Cuba, the official news agency Preusa Latina reported Saturday. the New Jersey suspect, Yu Kiku-The agency said members of the Miami-based network, with connec-

tions in Mexico, Panama and Venezuela, came as tourists "with the obvious aim to bring difficulties to the Cuban economy."

It said the network moved millions of dollars per year, but it gave no figures and stressed that the contraband was not on a large scale:

other people or groups in the Unit-Meese Nominee Weighs Pulling Out WASHINGTON (WP) - John C. Shepherd, selected by Attorney Two U.S. law-enforcement offi-

General Edwin Meese 3d for a Justice Department vacancy, said Friday that he was "giving very serious consideration" to withdrawing. He cited the "tremendous pressure that this whole ordeal has been" on him and his Mr. Shepherd, a St. Louis lawyer and former president of the American

Bar Association, said he had not made a final decision about whether to remain under consideration for the post of deputy attorney general, the second-ranking position in the department. He said he was "still considering what's best for the whole situation." His membership in an all-white country club and an all-male social

day at a service station on the New club have come under scrutiny since Mr. Meese announced earlier this month that he was his choice to succeed Arnold I. Burns, who resigned in er found three 18-inch bombs load-March. Reagan administration sources said Mr. Shepherd had encouned with gun powder and shotgun tered objections from White House officials who think he could face a stiff confirmation battle because of his club memberships and unspecified "other problems."

Police Guarding Irish Jails in Strike

DUBLIN (Reuters) — Five prisoners escaped and minor disturbances broke out at Irish prisons as a strike by guards continued for a second day: on Sunday. Police officers and troops were used to guard the 11 prisons-

About 1,000 police officers and 300 troops were in charge of the 2,000 convicts after talks broke down in a dispute over the prison guards' overtime pay. Labor Minister Bertie O'Hearn said Sunday that he would confer with Justice Minister Gerry Collins before deciding on an appeal. by trade union officials to intervene in the strike. At the Ensisheim prison in eastern France, meanwhile, prisoners who.

noted Saturday surrendered on Sunday. Most the prison buildings were destroyed and 10 persons were injured in the 16-hour riot. About 250 prisoners seized control of the prison and took two hostages, including a

Bandits Kill 191 Kenyan Villagers

NAIROBI (AFP) — About 400 cattle-rustling bandits killed 191 villagers in the remote northwestern Turkana district of Kenya and tried to steal thousands of head of livestock, the police said. They were intercepted by security forces before they could drive the animals into Sudan, reports said.

The bandits, some armed with automatic rifles, struck Wednesday in an area about 40 kilometers (25 miles) west of Lokichokio. Policemen using aircraft trapped the raiders before they could escape

into Sudan. In the cusuing battle, about 40 rustlets were killed and another two arrested. There were no police casualties.

TRAVEL UPDATE

A new rail link between the Soviet and Chinese systems is under construction by China, China Daily said Sunday. The 224-kilometer (138-mile) line, in Xinjiang Province in northwest China, will shorten the present rail journey between Beijing and Moscow by 2,000 kilometers and should be completed by 1990, the newspaper said.

(AFP)

Smoking will be banned on 80 percent of the airline flights within the United States, beginning Saturday. The ban affects all flights that takes two hours or less except travel club and charter trips and flights to foreign

two hours or less except travel club and charter trips and flights to toreign we destinations. If a long flight is broken into segments, as is common, each leg of less than two hours is covered by the ban.

NYTI —

Seamen of the P&O ferry line voted Sunday to continue their strike, rejecting an offer of an annual wage rise of £400 (about \$750) on the routes from Dover, England, to Zeebrugge, Belgium, and Boulogne, France. Meanwhile, P&O's main competitor, Sealink, said it would start service April 25 between Liverpool, England, and Dun Laoghaire, Ireland, near Public.

Three hundred passengers were evacuated from a Scalink car ferry Sunday after fire broke out in the engine room while the vessel was at the quay in Dun Laoghaire, the police said. One crewman was hospitalized in stable condition.

(Renters)

Rome's two airports were paralyzed Sunday by a strike by air traffic controllers complaining of overwork and demanding an increase in their numbers. All flights were grounded except essential services to Sicily and

Traffic over the main road linking Iraq and Turkey resumed Saturday after a bridge damaged by floods Friday was repaired, the Anatolian News Agency reported.

This Week's Holidays

SUNDAY: Togo.

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of MONDAY: Zimbabwe.

TUESDAY: Brunei, Ethiopia, Sierra Leone, Urugnay, Venezuela, Zimbabwe

WEDNESDAY: Israel. THURSDAY: Iceland, Israel. SATURDAY: Turkey.

Source: Morgan Guaranty Trust Ca., Reuters.









Iraq Opens Assault to Retake Faw

By Patrick Tyler

Washington Post Service KUWAIT — In a major escala-tion of the Gulf War, Iraq launched a large offensive Sunday aimed at driving Iranian forces off the Faw Peninsula, where Iranian military authorities said their forces were bombarded during the day with chemical weapons. The Iranians said "fierce fighting" was still un-

der way Sunday night. The Iraqi military command said its predawn attack combined units of the Seventh Army Corps and elite Republican Guard forces, which have been on alert for offensive took place on the first day of Ramadan, the Moslem month of

The Iranian news agency IRNA said that the Iraqi offensive had been "smashed" and driven back. IRNA said that "thousands" of Iraqi soldiers had been killed or

It was the first time in nearly two years that the Iraqi Army had gone on the offensive. Iraq has expressed growing frustration with efforts by the United Nations Security Council to enforce a cease-fire resolution passed July 20. The resolution was designed to bring the war to an end by threatening to impose an arms side of the capital. The women were embargo against Iran if it did not

comply. The international effort to end the war followed two successive barricades of trash and tires across winter campaigns in which Iran some streets in the working-class first overran Faw in February 1986

Batania section of the city and and then, in January 1987, adhurled stones at policemen. Win-

Iraq's largest southern city. lraq's long-term hopes for survival, according to Western analysts, are pegged to pushing for an early conclusion to the conflict.

Iraq wants to avoid a drawn-out war of attrition in which Iran's larger population and still-formidable industrial base will force Iraq to maintain a costly garrison state whose frontiers would remain un-

De Mita Aide's Killing Is Seen as Strike at Stability

Prime Minister Ciriaco De Mita was interpreted Sunday as a strike

The police said Roberto Ruffilli. 51, a Christian Democratic senator, was shot three times in the back of the head while alone at home in Forli on Saturday. There were no

The Fighting Communist Party, faction of the Red Brigades, claimed responsibility.

present his new five-party govern-ment, formed after a monthlong political crisis, to Parliament for a

extremist group, is being sought in vision interview Sunday that the shooting was "probably a first at-the Naples attack.

President Francesco Cossiga

President Francesco Cossiga

The Naples attack and whatever actions may have been planned by ROME — The murder by the ment, formed after a monthlong Red Brigades of a close aide of political crisis, to Parliament for a confidence debate.

"The mere possibility that our against stability as Italy appeared to be emerging from a political crisis.

country is entering a period of greater political stability appears to be enough to trigger such a barbarous and savage reaction," said Giorgio La Malfa, leader of the Republican Party, one of the coalition partners.

The police said they believed that there was no connection between the shooting and a car bomb on Thursday outside a U.S. servicemen's club in Naples that killed guerrillas.

condemned the killing of Mr. Ruffilli as "an abominable crime" against democracy. Mr. De Mita said the guerrillas had struck at a decisive phase in Italian political

Mr. Ruffilli, an intellectual who entered politics in 1983, had a low public profile and no police protec-tion. As a personal friend and close adviser to Mr. De Mita on plans for reforming Italian political institutions, he was an easy target for

Those taking part in strategy ses-sions have discussed a variety of

tine radio station and other meth-

ods of exhorting the officer corps to

The discussions are taking place

against a background of official

concern over how U.S. policy has

ations, there is chagrin over bold

official predictions that General

In addition to the dispute, in

turn against General Noriega.

unfolded.

quently in Italy during the late. An FBI spokesman declined to 1970s, killing 17 public figures, including Aldo Moro, a former Christian Democratic prime minis-

The Red Brigades struck fre-

and that more could follow.

The anti-terrorist police estimate that there are 100 active members of the Fighting Communist Party, cials said, however, that the bureau whose favorite targets are the did have some information indicat-Christian Democrats, the domiing that Mr. Kikumura - who, nant force in Italian post-World they believe, may be linked to a leftist Japanese terror group — had received help in the United States War II politics, and military officials or industrialists.

The last guerrilla killing in Italy for his activities. The officials was in March 1987, when another would not be more specific. Red Brigades offshoot, the Fighting Communist Union, killed Gen-Mr. Kikumura was arrested Tueseral Licio Giorgieri of the Air Jersey Turnpike after a state troop-

■ FBI Studies U.S. Link

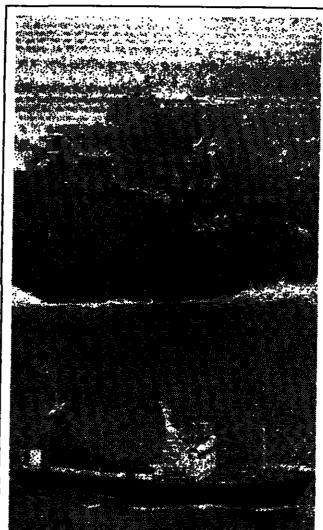
The Federal Bureau of Investigapellets in the rear seat of his car. tion said Saturday that it was conducting a "rigorous investigation" day before the finance ministers of to determine whether a Japanese the world's seven major industrial nations, known as the Group of man arrested in New Jersey with Seven, ended a meeting in Washthree bombs had received support from others in the United States. ington. A U.S. law-enforcement of-The New York Times reported ficial said that the FBI was trying from Washington. to determine whether the confer-

The FBI said its investigators ence was a potential target. vere also trying to determine whether there was any link between the arrest in New Jersey and the

bombing in Naples.

U.S. law-enforcement officials fuses. At about the time of that said the FBI had sent at least one arrest, the heads of state of the which Pentagon officials said they explosives expert to Italy to exam- Group of Seven were meeting in were being pressed into what they ine evidence in the Naples bombing Tokyo. considered unsound military oper-

In 1986, Mr. Kikumura was arrested at Schiphol Airport in Amsterdam after he was found carrying two pounds of TNT and six



TROUBLED WATERS - The French trawler Cross of Lorraine steaming into harbor at St. John's, Newfoundland, after the Canadian navy seized it Friday and arrested four French officials and 17 crewmen. Canada charged the boat was fishing illegally in Canadian waters near the French islands of St. Pierre and Miquelon. President François Mitterrand of France said the action was "intolerable" and, after two protests, recalled the French ambassador to Ottawa.

GUBELIN

The shooting occurred three five persons. Junzo Okudaira, a Rosario Priore, a leading antidays before Mr. De Mita was to member of the Japanese Red Army terrorist investigator, said in a telewhich have been on alert for months to contain any new Iranian assault in the area. The surprise Women's Group in Panama

Demands Removal of Noriega

of women smashed windows, but gathered again in small groups pal base of support. blocked streets with flaming barri-and began pelting the police with cades and clashed with riot police-stones and trash. The police retalimen in a demonstration to demand ated by firing tear gas and shotgun the removal of General Manuel pellets into the air. Antonio Noriega, the Panamanian military leader.

The police fired tear gas and shotgun pellets Saturday as the demonstrators rallied on the north members of the newly formed Union of Civic Women. The protesters set up blazing

were shattered General Noriega is under indict-

trafficking and money laundering. The Reagan administration has imposed economic sanctions on Panama, including freezing Panamanian assets in the United States, in an effort to remove General Noriega. The measures have caused an acute cash shortage that has campaign of psychological warfare helped spur anti-Noriega protests. aimed at exploiting what they say is

As the police moved in with wa-restiveness in the Panama Defense PANAMA CITY - Hundreds ter cannon, the women scattered Forces, General Noriega's princitactics, including use of a clandes-■ New U.S. Approach

Earlier, Neil A. Lewis of The New York Times reported from Washing-

Reagan administration officials, disappointed over their failure to dislodge General Noriega, say they are now aiming their efforts at weakening his hold on the loyalty of the military.

Most officials generally concede that a five-week campaign of eco-Noriega would be unable to resist vanced to the outskirts of Basta, dows in some homes and shops nomic sanctions designed to create an intolerable cash flow crisis has not worked, nor is it about to in the ment in Florida on charges of drug near future. An unusually public and acrimo- ELECTION: nious dispute between the Penta-

> the use of military force has resulted in the idea being shelved for the time being. Officials are now discussing a

2011 and the State Department over

Upstate N.Y. Vote

(Continued from Page 1) been extensive television advertis-ing; a visitor to Buffalo saw five Dukakis commercials in two days

and none for any other candidate. The Massachusetts governor also has been helped in some places by circumstances. In Rochester, for example, his emphasis on the bene-fits of high technology struck a chord; the city has benefited from such companies as Bausch & Lomb Inc., Eastman Kodak Co. and Xorox Corp. In Buffalo, his assertions that he knows how to create jobs have impressed a community that never really recovered from the re-cession of 1958, let alone more recent setbacks.

Joseph Crangle, who is retiring this autumn after 23 years as Erie County Democratic leader, recently endorsed Mr. Dukakis and he relishes the chance to put his troops to work getting out the vote for his

In 1948, Paul E. Fitzpatrick, then the Erie County and state Democratic leader, helped preserve the nomination for Harry S. Truman. In 1960, Peter J. Crotty, Mr. Crangle's predecessor, played a key role in John F. Kennedy's campaign. But in all succeeding presidential campaigns until this year, New New 1961, her until too late to have a York has voted too late to have a

major impact.
Brian Morris, the western New York coordinator of the Jackson campaign, challenged the polls and other projections, arguing that tele-phone surveys like those conducted in the state always understated Mr. Jackson's vote "because a lot of our olks don't have phones."

He said he expected the upstate

region to make a major contribution to a Jackson victory.

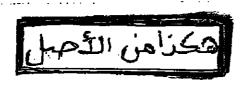
In the view of New York politicians, the Chicago clergyman's best chance is in the 33d Congressional District, which comprises almost all of Buffalo, the mill town of Lackawanna and such blue-collar suburbs as Depew and Cheek-towaga. Black and Hispanic residents make up more than 20 per-cent of the district. Mr. Jackson may also do well in the 28th District, which contains several impor-

tant college campuses, including Cornell University at Ithaca. Democratic leaders are hard pressed to discern any advantage for Mr. Gore, whom several described as the big disappointment of the campaign.

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candidates bartled a picturday during campaigns and 12 people were injust tended by opposing campaigns.

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5 seats will be allocated to the

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Cuban economy."

To date, however, the main achievements have been the construction of an access road, water for a separate agreement sion on how to advance to main and power line.

The futuristic laser itself is no-where to be seen. Military officials of which were not impediately among rebel leaders last month between the statest proposal did not also say the situation will remain that way for a half-dozen years or so. and possibly longer if an unfriendly candidate wins the White House. "It's sad," said Colonel James F. McNuity of the army, head of the Political Rall

By William J. Broad

New York Times Service

RANGE, New Mexico - A legacy

of President Ronald Reagan's pro-

gram for a defense against missiles lies here in the New Mexican desert

powerful beams of concen-

trated light are to flash into the pale

AMERICAN

TOPICS

Fire in Cigarette Ads,

But Not Much Smoke

Cigarettes that show fire but

no smoke appear in countless advertisements. They jut from

the jaw of the Marlboro man or

from the fingers of those hand-

some couples who gather for Sunday brunch and Benson &

Michael Pertschuk, a tobacco

opponent and former chairman of the Federal Trade Commis-

sion, which monitors advertis-

ing, calls it "deceptive advertis-

Professor Richard Pollay, cu-

rator of the history of advertis-

ing archives at the University of

British Columbia, told Morton

Mintz of The Washington Post,

"Motivation research of the

1950s indicated that smokers

had ambivalent feelings." Peo-

ple recognized "some negative

aspects' of smoking, such as

smells, burning clothes, some minor health hazards."

A spokesman for Philip Mor-

ris, maker of Marlboro and Benson & Hedges, noted that many recent ads continue to show smoke. The decision to

show smoke or to airbrush it out, he said, often turns on

whether the scene is indoors or

outdoors, or on the lightness or

darkness of the setting.
A spokeswoman for Loril-

lard, maker of Kent and New-

port, said: "We have no policy, nor have we ever had, to show

the smoke coming from the tip of a cigarette. We attempt to

make our ads as real as possible,

and in a normal setting, where

action is involved in photography, you don't see the smoke."

1980s ads for Kent Golden Lights, saying "You Really Know You're Smoking." showed smoke, while many ads

for Newports don't even show

Ferrets are the latest pet (ad,

but the Journal of the American

Medical Association warns that

no effective rabies vaccine for them is yet available. An anti-

cruelty society spokeswoman said: "We do not recommend

keeping them as pets. They are not trainable animals. They do

cigarettes.

Short Takes

New Mexican sky.

WHITE SANDS MISSILE

Program in New Mexico Desert Lags Behind Schedule project, as he gazed across the laser ray, saying anti-missile technology site toward distant mountains. "We is inherently feeble and doomed to planned to be further along by

SDI Laser Effort Is Off Target

The project is nearly two years behind schedule and about \$300 million short of its expected fundamid a seemingly endless expanse ing, army officials say.

of sand and sagebrush, yucca and

The laser venture r The laser venture typifies the

It is the beginnings of a giant after Mr. Reagan's speech an-laser, priced at up to \$4 billion, nouncing a plan for a spaced-based nouncing a plan for a spaced-based missile defense, the Strategic Defense Initiative.

While laboratory research has advanced on many fronts, its concrete application in big projects has been slowed by congressional cuts in budget requests, by the grounding of the national space shuttle fleet, by disputes among the military services and by the zigs and zags of the program in the search for ways to achieve the president's goal of rendering enemy missiles "impotent and obsolete."

While critics delight in the disar-

have a horrible odor." About a

million ferrets have been

bought. Several cities and states

The Maryland legislature has

joined Illinois, Hawaii, Minne-

sota and South Carolina in re-

stricting pistols. A committee of law enforcement officials, pub-

lic citizens, a representative of a

handgun control group and of the National Rifle Association

will determine which pistols can

be used legitimately for recrea-

tion, law enforcement or self-

protection. The sale and manu-

facture of all others will be

Shorter Takes: California,

thwarted by a lawsuit a year ago

from allowing the limited hunting of mountain lions for the

first time in 16 years, is trying again. But opponents have indi-

cated they will return to court.

• Isham, Lincoln & Beale, the

Chicago law firm founded 116

years ago by Robert Todd Lin-coln, Abraham Lincoln's son, is

going out of business. The firm is "no longer viable" because of

the loss of clients and staff at-

tomeys, a spokesman said.

Notes About People

President Ronald Reagan

reads the newspapers at break-fast, he told the American Soci-

ety of Newspaper Editors, and he turns first to the comics. "A

lifetime habit," he explained.

Then my next turn is to the

editorial pages." He added that

he reads more than one paper.

Mr. Reagan had been asked

about a new book by his former

spokesman, Larry Speakes, who wrote that the president rarely

reads newspapers, contenting himself with news summaries

Treasury Secretary James A. Baker 3d is expected to resign

eventually to work full time for the presidential campaign of George Bush, his friend of 30

years, tennis partner and fellow

Texan. But this is unlikely be-fore late summer. "Mr. Bush, indeed, could be happy with

Mr. Baker's staying put in the Treasury and doing what he can to keep the economy — and with it Mr. Bush's chances of

being elected president - from

unraveling." The New York

Arthur Higbee

Times commented.

prepared by his staff.

now ban their sale as pets.

failure, military officials express frustration over their inability to advance vigorously on what they

view as an attainable goal. "The research is going great guns," said Lieutenant General John F. Wall, commander of the fragile state of affairs five years army anti-missile programs. "But after Mr. Reagan's speech anbucks. When you need a chunk of money that big, something often

has to give."
The New Mexico laser venture. which is run by the army, is the largest and most costly of the hundreds of anti-missile projects under way across the United States. It centers on the creation of a

laser that works by jostling elec-trons with magnetic fields to tease them into producing powerful beams of light.
When finished, this free-electron

laser is to be three to four miles long (4.8 to 6.5 kilometers), its main apparatus buried in concrete tunnels beneath the desert. The aim is to test whether its beam can cut through the atmosphere and bounce off orbiting mirrors. In war, such a beam would be aimed at incoming missiles to damage or destroy them. The project is key to the mili-

tary's long-term aspirations. Some of the anti-missile weapons now under development have been around for decades, such as small projectiles meant to smash into targets. But free-electron lasers barely existed when Mr. Reagan took of-

They were singled out for quick development, but their perfection as giant weapons is still seen as a daunting task. The attraction is that free-elec-

tron lasers are viewed as one of a few technologies that in theory have enough power to try to ap-proach the original anti-missile goal, in contrast, the older, more mature technologies now being readied for possible deployment in the 1990s would stop only a frac-tion of warheads aimed at the Unit-This offers the biggest payoff,"

said Colonel McNulty, the project director.

At the laser site, about 25 miles east of Organ near the foothills of the Jarilla Mountains, construction has clearly been slower than ex-pected, all kinds of impediments having arisen. One sees numerous trenches, dug by archaeologists who wanted to make sure no prehistoric artifacts were in the area. The project was publicly announced in July 1986 and ground

was broken early last year. Soon after, the endeavor fell victim to budget cuts. Today, construction work has slowed, the number of workers running from 10 to 30 on a given day. In addition, there are about 60 government workers based at White Sands headquarters to oversee laser design and con-struction, and about 85 contrac-

Because of the slowdown, the first phase of the project is not expected to be finished until around 1994, at a cost of \$1 billion to \$2 billion. For experiments, the site is to be

staffed by up to 500 scientists and technicians. Just cooling the giant laser will require an estimated 450 million gallons (1.7 billion liters) of water a year, a considerable amount in such an arid region.

The laser beam will be adjusted by a mirror with 2,000 moving parts that researchers hope will create a customized light wave capable of piercing atmospheric turbulence without distortion.

If successful, the project might get the go-shead to move into a second phase that could bring its total cost up to \$4 billion, the aim being to create an even more powgroup in Baltimore.



right engine ablaze, narrowly missed the control tower and a crowded airport bar before it

United Airlines Trims Its Frequent Flier Plan **And Others May Follow**

By Agis Salpukas
New York Times Service
NEW YORK — United Airlines

says it would like to cut back on its frequent flier program. It is the first attempt in recent years by a major airline to hold down the increasing cost of such programs.

Under new rules, which will be phased in starting July 1. United said Friday that passengers would have to fly fewer miles to earn free tickets but that the miles would be much more difficult to accumulate. The carrier said it would end bonus programs under which passengers are credited for extra mileage if they travel to a particular destination being promoted.

For United's plan to succeed, its major competitors must go along. or the airline will find itself at a compensive disadvantage. The initial reaction at other airlines was mixed.

A spokesman for Delta Air Lines, Jim Lundy, said: "We don't plan to make any change in our program. We don't see any need to make changes."

Mike Gunn, senior vice president of marketing at American Air-lines, said that American had been

In this environment, many black

students become hurt and ambiva-

lent, reluctant to acknowledge

signs of rejection from a school

they want so much to be a part of.

Others become so hardened by dai-

ly confrontations that they shrug

off the incidents, at least on the

Studies confirm the high levels of

students, as against a majority of

whites, said they felt they were an

That finding has implications for

the success or failure of black stu-

dents in general. Studies have

shown that academic performance

is lower among black students with

important part of campus life.

studying the implications of rising benefits of frequent flier programs and had been considering what

steps to take. Airline executives and industry analysis have expressed concern that the liberal awards would force airlines to give seats to frequent fliers that would have gone to pay-

ing customers. Another shift at United involves restrictions on which flights passengers can choose when they turn in their mileage credits for tickets. The goal is to force such passengers to travel at times outside of peak travel periods when they fiv to such . popular destinations as Hawaii.

The aim is to prevent frequent fliers from taking up seats that could be sold to paying customers.

Delta escalated the frequent flier liberalization late last year when it began offering triple mileage credit under certain conditions. American Airlines made the program. even more liberal, a step that was matched by most of the major car-

Since then, senior marketing executives of American, United and other airlines have said limits were needed on the programs.

David G. Sylvester, an airline analyst with Kidder, Peabody & Co. said he thought United's changes "will be completely matched by the rest of the industry," adding, "I think the industry will tighten it up even further." Under United's plan, a passen-

ger will qualify for a free coach licket after 20,000 miles (about 32,400 kilometers), compared with the current floor of 35,000 miles.

However, United plans to eliminate many bonuses, including the common practice of giving credit for double mileage when full coach fare is paid. The minimum number miles a passenger can earn on any trip will drop to 500 miles.

United will also put time limits on the use of the awards. This will make it more difficult for frequent fliers to bank their miles.

United said more than 50 percent of its seats systemwide would be open to fliers using mileage credits. But during holiday periods, including Thanksgiving, Christmas and New Year's, there will be restrictions on availability.



skidded across the runway and careened into an empty terminal. There were 40 people aboard.

Blacks Find Campus Racism Growing reported experiencing some form at the University of Michigan and of racial discrimination. Because elsewhere in recent years.

drawn from campus activities. Oth-

By Isabel Wilkerson New York Times Service

ANN ARBOR, Michigan - On the campuses of predominantly white U.S. universities, where racial unrest has risen dramatically in recent years, black students say they feel increasingly like outsiders. isolated and unwelcome.

Recent incidents of harassment and violence at the University of Michigan and other campuses have called attention to deep racial divisions and a generally hostile envi-ronment for black students such as Kourtney Thompson, a third-year student at Michigan.

"White students say, 'Michigan is great; it's awesome, " Mr. Thompson said, "But I just want to get my education and get out of here. This is their place, not mine.

In May the University of Michigan is to put into effect a new antidiscrimination code that it hopes will combat incidents like the distribution in February of a flier saying blacks "don't belong in classrooms, they belong hanging from

For the first time, the university will impose penalties, ranging up to expulsion, on students who threaten other students because of their

that racism is a constant in their ward less demanding courses delives and takes a psychic and emo-spite a grade point average of 3.8 Racism occurs out in the open.

On mile-long walks to class, black students are routinely the target of students are routinely the target of racial epithets show busy intersection. There are subtler forms as well.

In Mr. Thompson's classes, when the topic turns to blacks, everyone turns to look at him. And in a climate of racial tension, almost anything can be taken

as racist, and black students' feelings of isolation and suspicion mul-"One of the tragedies of being a minority student is you never know

why people are responding to you in a given way," said Dr. Howard Ehrlich, a psychologist and director of the National Institute Against Prejudice and Violence, a research

none of these undergraduates were ers have become active in protest born in the days of patent segregagroups. Still others have become so tion, some are confronting overt inured to racism that they talk racism for the first time. about it as routine. Mr. Thompson says he is re-

"To some black students, racism

At the University of Michigan, racism occurs in the open. On walks to class, black social estrangement among black students. In his recent study of students are routinely the target of racial black undergraduates, Dr. Allen found that only 12 percent of black epithets shouted across a busy intersection.

minded daily that he is different, was what happened in the South under Jim Crow and was supposed that he does not really belong. Peoto be over and done with," said Dr. ple tell him he speaks well for a Vonnie McLoyd, an associate pro-fessor of psychology and Afro-American studies at Michigan. black. "They're always shocked when I say comething intelligent or meaningful," Mr. Thompson said. Tracye Matthews, a fourth-year

student majoring in psychology, said she was haunted by the ambiguous insults that cannot be proven.
"It happens all the time," she said. "If some white students have a question about what the professor said, they'll look over you to ask the next person about it. They figure you don't know anyway."

Mr. Thompson said he was at

Several days spent with black first advised to major in physical students and faculty members at education instead of his choice, so the University of Michigan showed cial studies, and was directed toout of 4 at his Detroit high school. Many other black students said

> dents at 16 predominantly white colleges around the country, con ducted by Professor Walter Allen, a sociologist at the University of Michigan, four out of five blacks



Work, Academic, Life Expe Send detailed resume PACIFIC WESTERN UNIVERSITY



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A Bumpy Chinese Road

Congress approved what the Politburo asked it to. No surprise there. But this time there were open debates and more press coverage than usual. And by formally ap-proving Li Peng as prime minister, the legis-lature guaranteed more debate to come. For Mr. Li must share power with a man who disagrees on the nature and pace of change in China: the general secretary of the Com-munist Party, Zhao Ziyang. A decade into the reforms begun by

Deng Xiaoping, China's economy chugs along nicely. But reform has its costs. While the economy grew 9 percent last year, the price of vegetables in Beijing jumped 20 percent. Thus, one challenge is to dismantle an irrational price system without raising an already troubling inflation rate.

Mr. Li's instincts favor consolidation and stability. The pace of reform, he believes, should be consistent with what the public can bear. Mr. Zhao wants to move more aggressively from a planned to a market economy. He is willing to focus precious resources on four coastal areas, running the risk of uneven growth. And he addresses fears of inflation and workers' protests by calling for a kind of town hall democracy to give the masses a sense of participation.

on which all can agree. It gave legal protection to private enterprise, already the fastest growing sector of the economy. It effectively reinstated property rights. It trimmed the bureaucracy by reorganizing the central government. And it approved measures to turn enterprises over to internal management in-stead of local party committees.

These are significant changes. But the tough problems lie ahead—like the price of vegetables in Beijing next year. Or job and income security. Or the expectations shared by millions of people who have emerged over the last decade from near-feudalism to watching refrigerator ads on color television. Or the restiveness of intellectuals like those who staged a sit-in on Tiananmen Square during the congress to protest the narrowness and poverty of academic life.

The congress approved not only Mr. Li but also a new slate of leaders, including cabinet ministers. On balance, as the enthusiastic local press noted, they are younger, less ideological and more professionally competent than their predecessors. They will need to be. Making the choices on the pace of reform for a billion Chinese will take all the energy and suppleness they can summon. - THE NEW YORK TIMES.

Canute in Washington

No sooner had the seven governments pledged to keep exchange rates stable than the American trade figures appeared on Thursday — and the dollar lurched downward again. The stock market promptly followed it. King Canute would understand the position in which James Baker finds himself. Canute demonstrated that even a royal command will not stop the sea, and Mr. Baker is showing the world that the U.S. Treasury secretary, even when joined by a chorus of the finance ministers of the six other strongest trading countries, cannot hold the market steady in the face of a bad trade report.

The fall of the dollar in the past three years was supposed to bring American exports into balance with imports. Exports rose in February from January, but imports rose much faster. Imports are up strongly because American consumption continues to grow at a faster rate than the country can afford. But no one in American politics, neither the Reagan administration nor Congress, wants even to talk about cutting consumption before the November election.

The February deficit was the worst in four months. These trade deficits shake the financial markets because they create an enormous dependence on foreign borrowing, and the need for foreign money in-creases the pressure for higher interest rates. At the present rate of progress, the

hope of eliminating that dependence on foreign money is fading fast. As the deficit in traded goods slowly comes down, it will increasingly be offset by the financial burden of servicing those foreign debts.

If the seven governments wanted to take forceful and persuasive action to stabilize the dollar - and, more important, to proteot the world's economic growth — what would they do? The answers are familiar. The United States would begin to hold down consumption, and force it to grow less rapidly than production. One important way to do that is to cut the federal budget deficit, which now seems to be rising again. The Europeans, for their part, would do the opposite and increase domestic consumption to take up some of the slack — which, incidentally, would reduce their scandalously high unemployment. Of the three centers of power in the industrial world, only Japan is taking vigorous steps to protect itself from the threat of too-big trade surpluses and deficits.

Europe is waiting for America to act, and the American administration wants to leave

the whole subject to its successor next year. The February trade figures and the markets' panicky reaction to them hint strongly that, for reasons with which King Canute was all too familiar, the administration may not be

- THE WASHINGTON POST.

A Message for Shamir

East may well be the most flammable place tion. The immediate purpose of these direct in the world. So it is critical for voters to talks would be to establish Palestinian autoknow how the next president proposes to nomy in the West Bank and Gaza Strip for prevent war there. New Yorkers have about two years. During this interim period, served the nation well in pressing the candidates to spell out their positions in advance based on the land-for-peace formula. of Tuesday's presidential primary.

Jesse Jackson try to outdo each other in proclaiming their strong support for Israel. But they show themselves to varying degrees to be at odds with Prime Minister Yitzhak Shamir on two central negotiating issues:

• All four candidates are prepared to deal with the Palestine Liberation Organization provided it renounces terrorism and unequivocally accepts the existence of the Jewish state of Israel, Mr. Shamir and his Likud colleagues say they will refuse to talk with the PLO under any circumstances.

 All agree that any resolution must be based on the principle of trading land for peace. Mr. Shamir resists any diminution of Israel's control of the West Bank. The candidates are quietly sending a

message to Palestinians and Israelis to begin serious bargaining with each other. Persistently and rightly, the Democrats chide the Reagan administration for daw-dling on Middle East negotiations. Yet Secretary of State George Shultz's peace plan

now represents the benchmark for debate. The administration and Mr. Bush call for negotiations under the rubric of an inter-

No national security question rings louder in the American presidential campaign than the Arab-Israeli conflict. The Middle Israel and a Jordanian-Palestinian delegaers beyond launching direct talks between Israel and a Jordanian-Palestinian delegathe parties would negotiate a final settlement

Of the leading Democrats, Mr. Dukakis Vice President George Bush, Governor seems most supportive of the plan. He favors inchael Dukakis, Senator Albert Gore and a conference or other mechanism to bring about direct talks. He says he does not favor an independent Palestinian state but adds that this is a matter for negotiations.

Mr. Gore is the most critical of the Shultz ideas. He worries that the conference would inevitably bring a ganging-up against Israel and that the Shultz timetable for autonomy and final resolution is too compressed. He

flatly opposes a Palestinian state. Mr. Jackson generally backs the Shultz approach. And now, in a reversal, he also says he would not deal with the PLO leader, Yasser Arafat, Mr. Jackson advocates mutual recognition by Arabs and Israelis and favors the foundation of a Palestinian state.

On the question of which side should move first. Mr. Gore puts the burden on the Arabs, Mr. Jackson on Israel, and Mr. Dukakis and Mr. Bush somewhere in between. How they differ on this point is less important, however, than where they, and very likely the American public, agree. All the candidates convey an impatience for the nations and peoples of the Middle East to get on with the job of probing for peace.

- THE NEW YORK TIMES.

Other Comment

Religious, Armed and Dug In

Israel over the past few years has been seized with a wave of religious fervor which has not yet abated. Immigration has been reduced to a trickle, but the few Jews from Russia and elsewhere who settle in Israel are nearly all religious. They are outnumbered by emigrants, who are nearly all secular. The religious parties have always had an influence in Israel out of all proportion to their numbers. They now also have the numbers, but with all their religiosity they seem to lack a spiritual development. It would almost seem that the greater the fervor of the faithful, the further they re-

cede from the principles of their faith. in the occupied territories are religious, with - Chaim Bermant in The Observer (London)

little affection for the Arabs (and even less for Israeli journalists, whom they regard as a pack of traitors). They are all armed, and in the event of a peace agreement the problems which the army now has with the Arabs would be fun and games compared to the problems it would have with the Jews.

One does not have to be religious to understand the grip which Judaea and Samaria have on the Jewish imagination, especially if one traverses them with Bible in hand, for they reverberate with echoes from Jewish history. But they also happen to be densely populated with Arabs, which brings us to the heart of the problem. The settlers live more in the past than in the present and attach greater weight to the claims of histo-The overwhelming majority of the settlers ry than to the claims of men.

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Forty Years Later, a Crucial Choice for Israelis

By Anthony Lewis

BOSTON — Israel became a state on May 14, 1948. A month later its government faced a fateful issue. Irgun Zvai Leumi, the right-wing terrorist group that had operated during British rule, tried to bring thousands of guns in on a chartered ship, the Altalena. David Ben-Gurion, the prime minister, saw it as an attempt to maintain a private army — and that, he said, would "murder the state." He ordered the Altalena

shelled. The ship sank off Tel Aviv. As Israel approaches its 40th anniversary, it faces a choice as profound and divisive as the challenge of the Altalena. The question is how to deal with the territories it has occupied since 1967, and with their 1.5 million Palestinian inhabitants. Recent events have shown that what is at stake is nothing less than the future character of Israel as a nation.

The incident in the West Bank village of Beita was a somber portent. In the Israeli government's handling of it we saw what the future may be -- is likely to be, if present trends continue.

On April 6, 16 teen-agers from Israeli settlements went for a nature walk near Beita. With them were two armed guards, both settler militants. The army had banned one from the West Bank city of Nablus after incidents of shooting. The other was con-victed in 1984 of destroying evidence

N EW HAVEN, Connecticut — One of the mixed blessings of having written a best

seller, "The Rise and Fall of the Great Powers,"

interpretations of what it is saying.

is the ensuing array of interpretations and mis-

can hardly be both. From Aryan supremacists to

flat-earth believers, groups across the country have

written to say that it reinforces their message. Liberal economists have expressed doubts about

its militarist and mercantilist tendencies. On the

other hand, the Reaganite right has denounced it as "liberal defeatism." It is all rather odd.

the conservatives' attack for its "economic deter-

minism," and for (in their view) postulating the "inevitable" decline of the United States on eco-

nomic grounds. A more careful reading and some-

what more thought on their part ought to have

suggested that the historical causation that the

book analyzes points to a quite different interpre-tation of what "determines" national decline. The real distinction that they have missed is

between the consequences of economic trends

If a nation becomes so indebted that it loses its

creditworthiness; if its manufacturing base shrinks

so much that it cannot produce goods (for exam-

and the causes of those trends.

Perhaps the greatest misinterpretation has been

My book has been variously described as "su-

in the killing of an 11-year-old Pales-tinian girl by a settler.

The group encountered young Palestinians, who threw stones. One allow them to be harmed." Despite General Shomron's words, and despite the finding that Miss Porat had not in fact been killed by a stone, Israeli authorities imposed colcame forward - to urge the Israelis to leave quietly, the Palestinians claimed afterward. An Israeli guard shot him dead. Villagers rushed out.

Decline for America? It Depends on Americans

By Paul Kennedy

ple, microchips) needed for its own industry and

its defense forces; if its currency has less and less

spending, at the cost of long-term investment: if it

produces fewer and fewer engineers and more and

more lawyers and dentists and stock jobbers -

then sooner or later all that is going to have serious

effects on the wealth and strength of the nation.

But nothing in my argument says that the causes of such trends are irreversible and inevita-

ble. Like Spain in the 1660s and Britain in the

1890s, the United States today has certain op-

tions open to it in order to reinvigorate its pro-

ductive base and meet the challenge posed by

(by higher taxes, if necessary). It could redirect

national resources from consumption into sav-

ings (by altering the tax structure). It could

encourage a lot more investment in commercial

research and development (if need be, even at the

cost of military research and development). It

could make serious efforts to increase the num-

America could close the awful federal deficit

faster growing economies of other countries.

sounds more like common sense to me.

If that is "economic determinism," so be it. It

A possibility now being discussed openly is 'transfer of population.'

surrounded the Israeli group and took them into Beita. in the village, two more people were killed: another young Palestinian man and a 15-year-old Israeli girl, Tirza Porat. First reports were that Miss Porat had been killed by a stone. But then an army inquiry found that a bullet, apparently from the gun of one of the guards, had

struck her in the head.

The chief of staff of the Israeli army, General Dan Shomron, said on the radio that the people of Beita had kept worse from happening. "It's a fact," he said, that "the youngsters, apart from the murdered girl, got out of there alive not

My book has been variously described as "su-premely well timed" and a "surprise," although it much of its resources to consumption and defense

because of rescue by military force but because some villagers did not

lective punishments on Beita. Fourteen houses were blown up, groves of almond trees pulled out, seven acres of olive trees buildozed.

Right-wing politicians called for revenge against the Palestinians. Prime Minister Yitzhak Shamir said at Miss Porat's funeral, "God will avenge her blood." At a cabinet meeting, Ariel Sharon, the trade minister, said that all the houses in Beita should be blown up. The leader of the Na-tional Religious Party, Rabbi Chaim Druckman, said the village "should be wiped off the face of the earth."

That is one possible future: an Israel which is so dominated by religious-nationalist fervor that the au-thorities impose retribution on Palestinians without waiting for evidence — or despite the evidence.

That would mean an Israel which expels people from their homeland in the teeth of the law. An Israel which loses its own values in order to suppress another people.

And that is not all that may hap-

pen. A further possibility, openly dis-cussed in Israel now, is what is polite-ly called "transfer of population."

That is, expelling the mass of Pales-timans from the occupied territories. Henry Siegman, executive director of the American Jewish Congress, looked recently at these shadows on Israel's future. He spoke before the incident in Beita Democratic and humane values, he said, "are likely to be eroded even further" if the occupation "persists indefinitely."
"Speculation about forced mass

transfers of population has moved from the Kahane fringe to more cen-trist elements," Mr. Siegman said. "Some even question publicly the principle of the sanctity of human life

when applied to non-Jews."

Whether to go in that direction is Israel's choice. But must Americans stay out of the debate, as Senator Albert Gore Jr. has argued? Must supporters of Israel be silent? Henry Siegman said he could not be silent. I think most Americans, Jewish and non-Jewish, will agree with him.

After the Beita incident an ABC

television correspondent, Barrie Dunsmore, asked one of the Israeli hikers why they had gone where they did at a time of tension. She replied "We have to show them that we are the owners of the country."

The New York Times.

ber of native American engineers, and massively

to boost the scientific and mathematical skills of

17-year-olds (although that again would cost

money). It could increase the school year from

the present 185 days to something closer to the

All these things could be done - if the people

and their political representatives wanted it. But

when I suggest this package of policies to andi-

ences across the country, I hear murmurs of disbelief and disagreement. "That can't happen

opposed to any taxes." "I'm against a longer school year." To all such objections, I have a simple response: "Who is being the 'inevitabilist,' you or me? Who is being defeatist here?"

Previous great powers lost their productive vitality not because their decline was economi-

cally "determined" but because cultural and

ideological prejudices, an unwillingness to adapt to new methods, a propensity to spend on the

present (consumption and defense) rather than

on the future (investment) all combined to pre-

vent a renewal of the nation's productive base.

pattern, or do they want to learn from history?

tributed this comment to The New York Times.

Are Americans ready to follow that historical

The writer, a professor of history at Yale, con-

here." "It will never get through Congress."

anese standard: about 240 days.

For Japan: Consensus By Flora Lewis

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A Mandate

Tokyo — Thoughtful Japanese analysts are grappling with a political and philosophical problem that is probably unique in the history of nations. It may be a sign of what the 21st century will need to be about.

The way one influential consultant put it was: "We see that this is our golden age, but we don't know yet what to do with it. We are looking for our mandate. The British rose with the mandate of developing capitalism. The U.S. mandate was to evolve a free society. He did not mention the Rissians, who chose the mandate of trying to spread communism in the world. But he went on, "We must search to find the purpose for our power."

The dilemma has arisen because of

very specific Japanese conditions, an isolationist history except for two generations of expansionism that brought total disaster. Now cabinet munisters make speeches acknowledging Japan's great new economic power and pro-claiming that it will not be trans-

formed into military power, as other rising nations have always done.

This is one point on which Japanese consensus-building is not a device for concealing and surmounting vice for concealing and surmounting real divisions. It expresses a profound national agreement. While there has been support for a somewhat greater defense effort, there is virtual unationity against acquiring the kind of force that could be projected abroad to the language are willing to content the language are willing to con-

text, the Japanese are willing to contribute money to peacekeeping but are adamantly opposed to sending troops of any kind. They have named a representative to a multinational group studying how to monitor the Soviet withdrawal from Afghanistan — "a civilian, of course," said a se-nior diplomat. That is a kind of involvement that the Japanese would

have shunned not long ago, but it will be exclusively economic and politi-cal with no military element. Japan sells no arms to anyone.

But this is a purely negative answer to the increasingly pressing question of Japan's role in the world. Leaders know that Japan must be seen as will be seen as wil

ing to make some contribution if it is

to be able to sustain the trading rela-tions that have made it rich. Making money does not of itself make friends. money does not of itself make thends.

The culture is so inward-looking, so intensely national and self-defined that it does not suggest any obvious ideas that Japan can offer others beyond useful but uninspiring technique. And yet leaders know they must find something that will both justify an interesting that will both justify and interesting the country of the unaccustomed generosity in their own people's eyes and win acceptance from

others as a welcome trading partner. "We must be transmitters of culture, not only receivers now," said a top aide to Prime Minister Nobort Takeshita. Certainly he did not mean

flower arranging and sushi.

The problem is that nobody has yet. figured out what that should mean, what Japan should seek to stand for in a changing world.

The germ of the idea is already there

in Japan's attitude toward militarism, experiment with the use of force. That is to spread the concept of international cooperation and accommodation, of supporting political solutions of in-evitable conflicts. Persuasion and conciliation are the key tools of Japanese politics, indeed of the society.

The world is too diverse and con-

tentious to digest the Japanese way as a model — it will not be able to do so for a long time, and probably never. But a more active Japanese role in encouraging efforts in this direction could bring the sense of mission that the Japanese seek and others require. Money is a powerful means of bringing people to see common interests, especially now that the world is much more aware of inequities and impatient with lack of development.

The world is more heavily armed than it has ever been, and more and more obliged to recognize that arming has not solved the problems it was meant to. The superpowers are just beginning to think seriously about re-ducing their globe-busting weapons. But smaller countries are escalating the sophistication and destructiveness of their arms without a concept of restraint in provoking their use. So if it begins to think of the world

politically, and not just economically, lapan could come to find a role for itself that goes beyond competition. It would have to be sought in concert with others. And that could create a mandate for Japan, a 21st-century mandate no longer resting on the notion of national supremacy but accepting that interdependence is real and that glory can be found in showing how to make it work better. The New York Times.

For France, a Made-Over Fifth Republic Beckons **By William Pfaff** of Charles de Gaulle's institutions.

PARIS — The final week of France's presidential eliminations has arrived. By Sunday night the French will know the two men from whom, on May 8, they will make their final choice for president.

They do not expect to be surprised. By all present evidence their current president, François Mitterrand, and their present prime minister, Jacques Chirac, will be the two candidates in the runoff vote. By present evidence, Mr. Mitterrand will then win — although present evidence may be wrong. There still remains an exceptionally large proportion of un-

decided voters. The game is not over.
Two years ago few would have expected Mr. Mitterrand and his followers on the left to be in sight of this victory. It is not, of course, the same left that was decisively defeated in the parliamentary vote of 1986. The Communists are a negligible factor, and the Socialist Party has moved decisively toward the center. On economic policy there really is little to choose between left and

right in this election.

Mr. Mitterrand, an illusionist, has once more transformed himself. The Socialist crusader of 1981 is today a leader above party, reassuring speak-ing to the public as if the noise and grind of this campaign were static. generated by ordinary politicians, through which he and the people must communicate with one another. His rivals make speeches, hold

monster rallies, grow hoarse pro-claiming their programs. Mr. Mit-terrand declines an invitation to spend a full evening in discussion with journalists on television, as his conservative rivals are doing, and instead writes for newspaper publication a long, intimate letter to the French people - his friends, mes

chers compatriotes. He writes that "a wins a new term he will not immediprogram is the affair of political parties, not of a president of the republic, or of someone who wishes to become president." And the president offers, in place of a program, a series of elegantly expressed reflec-tions on the grand principles which should guide the nation.

His opponents had scarcely decided how to react to this unexpected literary initiative when Mr. Mitterrand held his own monster rally. He hits them coming and going. He is certainly the most talented politician of his times in France, perhaps in any of the Western democracies — but that is not necessarily a compliment. There has always been something

equivocal about Mr. Mitterrand. His great rival of the past, Charles de Gaulle, was devious and ruthless as a politician, but he was never equivocal. Mr. Mitterrand relishes the game for the game. It would be untrue to conclude that he is unprincipled, a charge that also is made against his present-day rival, Mr. against his present day itvat, wit.

Chirac. But you do not think of either, as you do of de Gaulle, as first of all a man of principle.

In this election it has been the former prime minister, Raymond Barre, we has occupied to role of the principles and the property of the property of

man of principle: stolid, unglamorous, uncompromising — and fading slowly from sight and favor.

While Mr. Mitterrand has moved to be a stole of the to a higher plane than that occupied by mere political parties, an impor-tant partisan change has been taking place. Conservative forces have ralied to Mr. Chirac, but at the cost of

embittering the more centrist figures sympathetic to Mr. Barre. The president has said that if he ately dissolve parliament but will name a new prime minister to form a government from the present National Assembly, which is dominated by non-Socialist forces. Only if that fails

will he ask for parliamentary elections. His nominee thus would have to be a moderate or even nonparty figure, able to rally a part of the disaffected center-right. A moderate Socialist, or social democrat, Michel Rocard, long an outsider to the Socialist Party but consistently popular with the public is thought a probable choice. A return to a manner of governing

by coalitions of shifting interests, closer to the parliament-dominated Third and Fourth Republics, has always seemed the impulse of Fran-cois Mitterrand. He was formed in the Fourth Republic and was a mas-ter of the combinations and alli-ances that made it work but robbed its governments of sustained authority. He recognizes that it was a bad system, as it existed then, and he has profited from the structural strength of de Gaulle's Fifth Republic, with its powerful presidency.

He says, though, in his open letter, that the country should in the future avoid both "a return to the absolute presidency of the early Fifth Republic and the lofty, essentially ceremonial presidency of the Fourth.

In fact he is making over the Fifth Republic to his own measure, and he

Republic to his own measure, and ne is doing so with, apparently, very wide approval from the public and within the political class itself. It seems that the French really are more comfortable with the ambigu-ous but flexible and democratically

Mr. Mitterrand was an enemy of the Fifth Republic at the start, describing it, in a notorious phrase, as "a permanent coup d'état." As president, he seemed a convert to its prin-ciples. It may prove that he was converted only to its convenient prac-tices of presidential power, and that in the end he will have the last word over his old enemy, leaving behind, in fact if not in name, a Sixth Republic or the Fourth and a Half. International Herald Tribune.

C Los Angeles Times Syndicate.

100, 75 AND 50 YEARS AGO

1888: Matthew Arnold

NEW YORK - News of Matthew Arnold's death [of heart failure on April 15 at Liverpooll, coming so closely upon the discussion which the publication of his latest views of America has aroused in all parts of the country, has created a profound impression. In literary circles where he was personally known, the intelli-gence has been received with grief. The evening papers give long sketch-es of his life, with appreciative editorial articles. He was 65 years old.

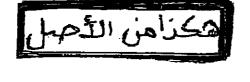
1913: Tariff Opposed

NEW YORK — The Democratic caucus yesterday [April 16] upheld President Woodrow Wilson's decision for free raw wool, and the mo-tion for a 15 percent ad valorem duty was lost by a vote of 190 to 42. The action of the caucus illustrates the fact that Dr. Wilson has the complete

presented by the Ways and Means Committee, will pass the Lower House without serious changes and be sent to the Senate. The protective interests are doing their utmost to persuade the Senate Finance Committee to hold public hearings and give them an opportunity to present arguments in opposition to the proposed reduction of the rates.

1938: 40 Arabs Killed

JERUSALEM — More than two score were killed in a battle starting yesterday afternoon [April 16] and lasting through the night between a band of armed Arab rebels and British troops near Bala-Anepta Reconnaissance planes flew over the baitle-field from the military. field from the military base at Ramleh, while powerful searchlights lit up the scene. It was estimated this morning that about 40 terrorists had been killed, including several rebel ringleaders. Several civilians who expressive "politicians' politics" of the past than with the "absolutism" backing of his party in the House. It is almost certain that the tariff bill, as reported to have been killed.



$\mathbf{Mandate}$ or Japan

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The germ of the date disper January and dispersion of

110 (10 /52)

(Continued from Page 1) cember 1979 as the faction-ridden

Communist regime faltered.
Robert Legvold of Columbia source in Moscow that Leonid 1. policy shift began in April 1985. ly, the Soviet special ambassador Brezinev, then the Soviet leader, only a month after he took power. for the Afghan negotiations, Nikothe center of power in the Kremlin hard and impartial analysis of the of an eventual international agree-- not even the entire 14-member position and started even at that ment, including its division into Politburo - were involved in the closely held decision to intervene, with very little int at from Soviet experts on the area.

Mr. Legvoid was told of the decision makers, nearly all in their 70s, that "the old ones felt it in their bones" that this should be done. . The Soviet Army landed 85,000

troops in a matter of weeks. By 1982 there were 100,000; and finally 115,000, far short of the 400,000 to 500,000 troops U.S. analysis believed the minimum needed to subdue the fierce, dedicated, fundamentalist enemy.

Why the Soviets limited their troop levels while exercising no restraint on the bombings, mining, booby-trappings and brutal de-struction of villages is a matter of debate.

A U.S. official said he believes the Kremlin came to see the war as a mistake whose costs could be sustained, but that tripling or quadrupling the commitment would have made it a mistake of unsustainable proportions.

By June 1982, two and a half years of war had brought only an ever-higher toll of death, injury and displacement. Pakistan and Afghanistan, with approval of Washington and Moscow, began indirect negotiations under the aegis of a determined Ecuadorian diplomat from the United Nations, Diego Cordóvez, whose energy and irre-pressible optimism would never flag. Few predicted success, and for several years the talks dragged on

with little result. When Mr. Gorbachev became general secretary of the Soviet Communist Party in March 1985, Afghanistan meant stalemate. Soviet troops made periodic sweeps through rebel areas, then pulled

U.S. assistance to the Afghan resistance, with strong backing from Republicans and Democrats in Congress, had skyrocketed: \$30 million in 1983, \$120 million in 1984, \$250 million in 1985. Ultimately, it topped \$600 million yearly, matched by large sums from Sandi Arabia.

back to heavily defended base ar-

Unlike his three immediate predecessors, Mr. Gorbachev had no public record of commitment to the war. He knew that to rejuvenate the Soviet Union's declining economic and political fortunes, he needed eased relations with nations on the greater freedom of expression at the equipment at the depot was government.

QUAGMIRE: Moves on Afghanistan Came a Month After Gorbachev Took Power

continuation of the Afghan war. Mr. Gotbachev said little about Gorbachev took over, the Soviets time to seek a way out of the situa- four documents of the kind that

tion." There was no announcement were finally signed last week. of such a top-level Afghanistan policy review at the time. After meeting with Mr. Gorba- August 1985, produced a proposed chev privately as he took power in agreement on international guaran-Moscow, the Pakistani president, tees of a negotiated cease-fire and General Mohammed Zia ul-Haq, withdrawal, On Dec. 10, following said the Soviet leader warned him public prodding from Prime Minissternly and personally about Paki-

stan's support of the resistance. Pakistanis into shutting off the sup-bachev in Geneva, the United ply lines and closing the staging States agreed to join the Soviet areas for the mujahidin, air and Union as an eventual "guarantor" ground violations of the Pakistan- of nonintervention if other provi-Afghan border by Afghan forces began to increase sharply, a trend that was even more pronounced in the next several years. There also was a sharp step-up in terrorist explosions inside Pakistan attribut-ed to Soviet and Afghan agents, according to Pakistani government data. But the Pakistanis, despite

the pressure, did not faiter.

There were credible reports from Kabul and elsewhere that General Zaitsev had one year - in another version two years - to start winning in Afghanistan. Such a mili-tary effort, said a State Department Afghan policy-maker, had the effect of postponing the need for top-ending the war and barring "forlevel political decisions.

Despite more aggressive tactics,

home. All these conflicted with Cordovez, the UN mediator, said the first Soviet troop withdrawal alize what is in their interests and later. Only two months after Mr. timetable: 48 months from start to what isn't." finish. It was far too long to tempt Afghanistan at first. But just two "came up with a number of ideas Pakistan or the United States. But and Mr. Dobrynin left Kabul, a University, a veteran Soviet analyst, said he was told recently by a

Central Committee, he said that his move forward," he said. Specifical
Central Committee, he said that his move forward, "he said. Specifical
When Baheak Karmal resisted lenders during a visit that the Soviet

and only three or four other men at when "the Polithuro conducted a lai Kozyrev, suggested the structure posals. Moscow removed the man decision to withdraw but had not the structure posals. The polithuro conducted a lai Kozyrev, suggested the structure posals. Moscow removed the man decision to withdraw but had not the structure posals. him with General Najib.

Meanwhile, Mr. Reagan in April Two rounds of the UN-spongence Agency to provide the resis-political echelon of the Defense sored Geneva talks, in June and tance with the high-technology Stinger anti-aircraft missiles. Suddenly Soviet forces that al-

ready were stretched thin protect- as "a thinly disguised attempt at ing themselves and their supply deception" and, in substance, nothpublic prodding from Prime Minister Rajiv Gandhi of India and the lines no longer had mastery of the ing new.

The Geneva talks during 1987

The first indications of a highvatives from the start and led to a success in Afghanistan told a visi- no more than seven months. ed States to cease military aid to the Please help us."

against Pakistan coincided with the arrival of General Zaitsev, a prestigious former Seviet commander in East Germany and likely future Warsaw Pact chief.

There were invited to appear on Soviet appear on Soviet to appear on Soviet the period between May 15, 1988, and the end of this calendar year. The Soviet commander in the period between May 15, 1988, and the end of this calendar year. The Soviet commander in the Americans were and a half nour speech to the 27th Soviet party conserses on East 25. Soviet party congress on Feb. 25, 1986. That day, he said the Soviet Union wanted to bring its troops people have to start learning that evidence. we have to get out of Afghanistan. A Soviet official who is far below

He added, in a reference to Paki-

Shortly after Mr. Shevardnadze When Babrak Karmal resisted leaders during a visit that the Sovithe new Soviet peace-making pro- ets seemed to have taken a general they had installed during the 1979 yet faced the more painful choices invasion and on May 4 replaced about precisely how and when to

get out. This State Department assess-1986 ordered the Central Intelli- ment was hotly disputed by the Department, whose undersecretary for policy, Fred C. Iklé, characterized Soviet initiatives in this period

In an effort to intimidate the ident Ronald Reagan and Mr. Gor- where the Stinger missile was in reflected Moscow's moves. When the year began, the Soviet-Afghan troop withdrawal offer on the table level political shift came in Mos- was for the withdrawal to occur cow in November to a visiting dele-over a time period of 42 months. In gation of Americans from the March, this was reduced first to 22 private Dartmouth U.S.-Soviet dis- months and then to 18 months in cussion group. A senior Soviet ad- intense negotiations, bringing Mosviser to Mr. Gorbachev who had cow's offer within range of Pakipreviously expressed confidence in stan's demand that the pullout take

tor; "We know we have to get out. Before the year was out, the but we don't know how to get out, timetable had been reduced to 12 months. Eventually it was tele-Several of the visiting Americans scoped to seven and a half months.

portant for you."

not well informed.

12 months because we will be leav-

and we can't go on television to say the decision-making level, but who has good contacts in high places, Just after the new year in 1987, said the decision to withdraw be-"phased withdrawal" of the troops the Soviet foreign minister. Eduard gan last spring in a difficult Polit-when there was political settlement A. Shevardnadze, and Anatoli F. buro debate in which there was Dobrynin, the Kremlin foreign po- opposition. Members of the party's licy adviser, flew to Kabul on a Central Committee, who may not surprise visit. Mr. Shevardnadze have been informed of the Politbubetter equipment, and General alism have turned Afghanistan into said publicly there that a political ro discussion immediately, were reissue last June.

Remarks that were made in May suggestive of the nature of the op-

On May 30, Defense Minister Sergei L. Sokolov was dismissed by withdrawal from Afghanistan has the Politburo after a young West been decided upon. This state-German, Mathias Rust, flew his ment was used by Soviet diplomats light plane unchallenged across the abroad as the basis for saving, from country and landed in Red Square. then on, that the "political deci-"This is good for you," Mr. Cordo-sion" had been made to withdraw. vez was told by a Soviet source. As a deputy minister of defense nearly a decade before. Mr. Sokolov per- had refused to name a date in any sonally directed the Soviet inva-diplomatic forum for their pullout sion. His dismissal and the subse- actually to begin or end. But on quent shake-up is believed to have Sept. 15, in an intense and lengthy lessened opposition to withdrawal. discussion of Afghanistan with

On June 25-26, a plenum of the Secretary of State George P. Shultz Central Committee strengthened in Washington, Mr. Shevardnadze

It is clear now that the decision

be "the final round." Mr. Armacost

Major General Najib, left, and Mikhail S. Gorbachev during their meeting April 7 in Tashkent.

had been made by July 20, when General Najib was summoned to the Kremlin. According to an account recently provided to a visiting diplomat by a leading aide to Mr. Gorbachev. General Najib was unconvinced that Soviet troops were actually to be withdrawn because of doubts expressed by offithat "national reconciliation" on er, on Dec. 10, 1985. cials in the Soviet hierarchy who either may have been opposed or it, would have to be accomplished Mr. Gorbachev, according to his before the troop withdrawal could aide, found it necessary to look begin, Mr. Vorontsov also told Mr. General Najib in the eye and tell Armacost that the next round of Geneva talks should be held by the end of February and that it should

left the meeting more convinced than ever that the Soviets really ing whether you are or not." Reports reaching the West suggested that General Najib was severely intended to pull out. shaken by the July meeting. With the Washington summit Two days after seeing General meeting approaching, the much-ru-Najib, Mr. Gorbachev told the Inmored withdrawal umetable offer donesian newspaper. Merdeka, of 12 months still had not been proposed, due to Kabul's intransithat, "In principle, Soviet troop gence. At the end of November, Mr. Gorbachev telephoned General Najib in Kabul, and within 24 hours the Afghan leader proposed

a 12-month timetable for Soviet troop withdrawal but gave no start-While negotiating about the withdrawal timetable, the Soviets ing date. This was the position Mr. Gorbachev took to the Dec. 8-10 meetings in Washington with Mr. Reagan

The most significant development on Afghanistan at the meeting came from Mr. Reagan rather than Mr. Gorbachev. The president, in an interview with network Politburo. Mr. Cordovez' Soviet could be resolved in the life of this United States could not agree to and-gold chamber in Geneva.

contact told him, "This is very imadministration;" in other words, cut off supplies to the Afghan resisthat Soviet troops might all be out tance while the Soviets withdraw because that would leave the "free-

The next important move oc- dom fighters" at a disadvantage. curred in Geneva during discus- He also made an emphatic statesions Nov. 16 between the Afghan ment along the same lines in pripolicy "point men" of the two for- vate talks with Mr. Gorbachev. The eign ministries. Mr. Armacost and arrangement Mr. Reagan rejected a deputy foreign nunister. Yuli M. was almost precisely the one that Vorontsov. Suddenly Mr. Voront- had been tentatively agreed to by sov dropped Moscow's demand his administration two years earli-

their terms, which meant keeping the Najib regime or something like disparate statements, in nud-January a single policy was ironed out in a meeting of Mr. Reagan. Mr. Shultz, Colin L. Powell, the national security adviser, and the White House chief of staff. Howard H. Baker Jr.

Under the new policy of "sym metry," the United States would stop military aid to the resistance only as the Soviets stopped military aid to the Kabul government; otherwise fresh aid would flow to both

Some in the U.S. government predicted Moscow would never accept this. But others, who proved to be right, said Mr. Gorbachev was determined to get out and finally would accept almost any deal that furnished him international cover.

The last diplomatic event was Mr. Gorbachev's meeting with General Najib in Tashkent on April 7 and Soviet acceptance of "symmetry" in a letter to Washingion the next day.

After the way was cleared by this understanding, Mr. Shultz. Mr. Shevardnadze and Pakistani and Mr. Gorbachev's hand in the party, said for the first time that he television journalists just before Afghan representatives signed the electing close affices of his to the "would not exclude that the issue Mr. Gorbachev arrived, said the accords last Thursday in a green-

Zaitsev's personal leadership in a bleeding wound," he said, imply-combat, the military stalemate continued. And Mr. Gorbachev had one way or another. Settlement in Afghanistan was ported by a diplomat close to the him. "No matter what else you may have heard. I hope you are ready in drawal of the Soviet troops, he said. gaged in an intense debate on the law heard. I hope you are ready in the way of another." "is utterly clear" and "not far off." begun moving cautiously toward a After this, the UN talks began to diplomatic way out, if needed. move ahead. "From the time Gorbachev came In mid-March, the Alghan govin, things began to change," Mr. ernment offered to Mr. Cordovez, neighboring countries they also re-

Union as an eventual "guarantor"

This arrangement, which dis-

mayed some congressional conser-

celebrated shift in the U.S. position

two years later, called for the Unit-

Afghan resistance as the Soviet

home "in the nearest future," and

that agreement had been reached

with the Kabul regime on a

eign armed interference."
"Counterrevolution and imperi-

Kremlin discussions that began

troops began to withdraw.

sions were satisfactory.

U.S. Sees Sabotage at Pakistan Arms Depot By Michael R. Gordon

New York Times Service
WASHINGTON — U.S. Defense Department officials say they
believe the explosion a week ago at a Pakistani ammunition depot was the work of agents of the pro-Soviet

regime in Afghanistan.
The United States still has no proof of sabotage, according to the officials, and some experts at the Central intelligence Agency are

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said the supplies destroyed included U.S.-made Stinger anti-aircraft missiles, anti-tank missiles and long-range mortars. The expert said the Stinger missiles destroyed in the blast constituted about one- and "Allah is great," about 10,000 for the Afghan guerrillas.

A U.S. Defense Department ofsaid to believe it is possible the ficial said the explosion fit a pat-Soviet periphery and with the United States, a lessening of international tensions generally and much the "overwhelming majority" of Pakistan by agents of the Kabul

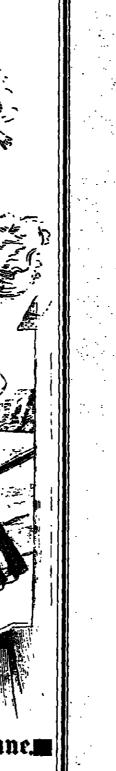
intended for Afghan guerrillas "Our opinion is that it was sabo-fighting the Kabul government. He tage," said the Defense Department official.

third of the total supply of anti-aircraft missile systems destined themselves as fighters of a holy war rallied Saturday in Peshawar, Pakistan, to proclaim their opposition to the agreement signed in Geneva last week, The New York Times reported.

The accord provides for the withdrawal of the Soviet army.



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1933: 10 Arabi hille

Israel Is Blamed in Killing of No. 2 PLO Leader Mr. Arafat had been on a tour of possible successor, died clutching a The Israeli ambassador to Cy-

zation, returned here Sunday after proved the killing. the killing of the deputy PLO commander to consult his aides on what is almost universally regarded as an assassination by Israeli

Khalil al-Wazir, known as Abu Jihad, or "father of struggle," was shot to death early Saturday at his home in a suburb of Tunis. The Israeli government has not denied accusations by the PLO and the Arab League that Israel was re-

In Jerusalem, a spokesman for month in the Prime Minister Yitzhak Shamir southern Israel.

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TUNIS — Yasser Arafat, leader ports that Mr. Shamir and two oth- Gulf states and was in Bahrain pistol while his attackers, one of prus, Ahron Lopez, denied at the of the Palestine Liberation Organi- er high-level Israeli officials ap- when the killing of Mr. Wazir took them said to be a woman, shot him time that Israel was responsible for

The U.S. television network Similarity to Beirut Raid NBC, quoting sources it did not identify, reported Saturday night that the assassination was a joint operation of the Israeli intelligence service, Mossad, and Israeli naval and army units.

The report said the attack was approved by Mr. Shamir, Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin after Palestinian guerrillas hijacked a bus and killed three Israelis last month in the Negev Desert of

in front of his wife and 14-year-old daughter, his aides said. The operation appeared similar to a raid in Beirut on April 9, 1973, in which Israeli commandos shot three Palestinian leaders to death. In the past, however, some prominent Palestinian figures have

> possibility that the attack was car-territories to sustain the uprising ried out by rivals of the PLO leader there, which began Dec. 9. In Febcould not be completely ruled out. ruary, three of his lieutenants died Palestinian officials said Mr. in a car-bombing in Cyprus, which Wazir, regarded as the top PLO the PLO also blamed on the Israeli figure after Mr. Arafat, and as his campaign to quash the uprising.

(Continued from Page 1)

nalists were ordered to leave the

But residents and other witness-

es said the streets were largely quiet

in most areas. A general strike kept

shops closed and workers away

from their jobs. Black mourning flags and PLO banners were visible

all across the territories as Palestin-

ians entered a second day of

mourning for Mr. Wazir.
Two Palestinians were wounded

in a clash with soldiers at the Nur

But while Palestinians mourned,

many Israelis celebrated the opera-

tion as evidence of Israel's willing-

ness and ability to strike back at

Ariel Marari, a Tel Aviv Univer-

sity terrorism expert, who said ear-

lier that he believed Mr. Wazir had

been killed because of an internal

power struggle, has retracted that statement. After reading about the

details of the assassination, Mr.

Marari said "it looks very much

like some of the other Israeli opera-tions, such as the 1973 raid."

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Shams refugee camp.

alleged terrorist leaders.

Alan Cowell of The New York

Mr. Wazir, 52, was gunned down

Times reported from Cairo:

(Reuters, AP)

70 to 100 times at about 1:30 A.M. that attack. He suggested it had in Sidi-Bou-Zid, an elegant suburb been committed by a rival Arab

The killing was the most spectacular and potentially most damag-ing involving the PLO leadership ment, however, appear to have for many years. It provoked angry condemnation from Arab nations, including Egypt and Jordan, and was followed by a surge in protests in Israel's occupied territories.

Palestinians to have coordinated been killed by other Arabs, and the and led efforts outside the occupied

1973 commando attack in Beirut in

which Israeli raiders killed the al-

leged planners of the 1972 attack

on Israeli athletes at the Munich

Olympics — Mohammed Yussuf Najjar, an Arafat deputy, Kamal

Nasser, a PLO spokesman; Kemal

Adwan, a deputy to Mr. Najjar.

As in the operation Saturday, the

Beirut raid was set up by an advance party that included a wom-

an, the assault team arrived by sea

and used rental cars to travel to its

Israeli officials publicly ac-

knowledged responsibility for that assault, but have maintained si-

lence this time. Some analysts sug-

gested that officials did not want to

fuel further explosions of outrage

in the West Bank and Gaza Strip,

where at least 142 Palestinians and

two Israelis have been killed since

tified a Palestinian weekly maga-

zine. Al Awdah, that it will be closed down within 15 days unless

it successfully appeals a closure or-

der. The magazine's owner, Ibra-

him Karaeem, also owns the Pales-

tine Press Service, a pro-PLO news

agency that the army recently or-

Israel asserts that such agencies

and publications disseminate PLO

propaganda and are front organi-

zations for terrorist groups. But the

moves will further restrict the flow

of news and information from the

occupied areas to journalists and

Labor Day, Russian-Style

The Associated Press

out the Soviet Union participated

Saturday in the 69th annual subbot-

nik, a day of unpaid labor donated

MOSCOW - Workers through-

Western diplomats.

dered closed for six months.

Meanwhile, the government no-

Dec. 9.

and dozens of guerrillas.

The rivalries that have plagued ment, however, appear to have been largely buried during the four months of protest in the occupied Gaza Strip and West Bank. The underground committees coordinating the uprising include repre-sentatives of the various factions.

As military chief of el-Fatah, the largest PLO group, Mr. Wazir was responsible for several operations in Israel, including the hijacking in 1978 of a commuter bus on the

In October 1985, Israeli planes

bombed the headquarters of the coastal highway, in which 35 Israe-lis were killed. PLO in Tunis, killing dozens of people, after three Israelis were people, after three Israelis were killed on a yacht moored in Cyprus. ated, Mr. Wazir began his political activities in the 1950s, when, as the ISRAEL: Enclaves Are Sealed Off Independent SOVIET: Reform Plan Hobbling **Ghetto Rally** (Continued from Page 1)

By Jackson Diehl

In Warsaw

Washington Post Service
WARSAW — Thousands of people carrying candles and the banners of opposition political movements marched through the former Jewish ghetto here Sunday in an independent commemoration of the 1943 uprising against Nazi

The march by more than 5,000 Jews and Poles, including leaders of the banned Solidarity trade program increases the importance umon, was one of the largest inde- of the party conference scheduled pendent demonstrations to take to begin June 27, particularly the place without police interference in process of selecting delegates for Warsaw in recent years.

It followed the dedication of a privately backed monument in a Jewish cemetery to two leaders of the former Jewish workers league who were executed in Moscow for criticizing the Soviet invasion of eastern Poland in 1939.

gle is taking shape over the selec-tion of the delegates. The two events, organized by a committee of intellectuals and po-litical activists, occurred as the Communist authorities sought to party organizations, the areas focus attention on a one-week program of official events marking the most embedded. Soviet officials 45th anniversary of the uprising. say Mr. Gorbachev and his allies

At the Polish parliament, 97 must control the selection process Poles who helped save Jews from to pick members whose interests the Holocaust were awarded med- are not threatened by change. als from the Martyrs' and Heroes' Gavril Popov, an economist who Remembrance Authority in Jerusa- has supported Mr. Gorbachev but lem. At the same time, a member of has not hesitated to question the the ruling Communist Party Polit- efficacy of his programs, suggested buro, Mieczysław Rakowski, met a this month in the newspaper Sotgroup of Israeli government offi- sialisticheskaya Industriya that cials and dignitaries, including two-thirds of the delegates should Deputy Prime Minister Yitzhak be rank-and-file party members,

According to official accounts.

The article was viewed as a remore than 5,000 Jews from 36 flection of Mr. Gorbachev's thinkcountries have arrived in Poland ing. for the anniversary celebrations, which are to continue through Tuesday. A "Route of Remem-

The independent and nominally and Western analysts. ganized opposition, were not attended by Israeli officials or by visiting leaders of the World Jewish Congress, who apparently wished to avoid offending Communist au-

Both events, however, were attended by an unusual mixture of opposition intellectuals, common citizens moved by the history of the Union for Mr. Gorbachev's proghetto and Jews visiting privately from abroad. The last group included several survivors of the

Gathered at an official monument to the Warsaw ghetto, the Mr. Shruelyov said, many actually crowd heard a letter from Lech are working to undermine it by Walesa, the leader of Solidarity, frustrating the intent and letter of paying homage to the 44-day strug- new policies. gle by poorly armed Jewish com-batants against Nazi forces and expressing regret about incidents of Polish anti-Semitism.

The acknowledgment and condemnation of past Polish anti-Semitism varied from the official Communist line, which stresses only Polish help for the Jews during the war and the "shared martyrdom" of the two peoples at the hands of

severe problems, has acknowledged Jan. 1 to companies producing 60 percent of Soviet industrial goods. some setbacks and appealed to the is intended to reduce government management of factories and other

"The command-and-administer system and those worshipping it are not surrendering ground without battle." he told party officials recently in Central Asia. "Not inenterprises. frequently, good decisions, even those made now, are carried out only partly."

He added, "There are a great gets that formerly controlled facdeal of people who view their par-ticular factory, village, collective tory operations.

"State orders actually exceed previous planned tasks," Mr. nmelyov said.

goods that no one wants.

rated," he said.

co.ding to Mr. Shmelyov. Summing up his analysis, the economist said, "It is quite possible

that if in the next two or three years there are no substantial results that can be sensed by everyone, the fate of perestroika may be threatened." To buy time for long-term change, Mr. Gorbachev has

produced visible results. Mr. Gorbachev and many of his countrymen, frustrated by the gla-

one-third party officeholders.

The article was viewed as a re-

Khalil al-Wazir

Soviet people to help him.

farm, district or city as their own

The partial breakdown of his

the meeting. The gathering is ex-

pected to review many of Mr. Gor-

bachev's programs and may elect new members of the Central Com-

mittee, the party's top policy-mak-

have indicated that a major strug-

Several recent newspaper articles

fieldom."

ing body.

The problems besetting Mr. Gorbachev's domestic program were outlined recently in a blunt brance in the former ghetto, fea- article by another economist, Nikoturing plaques and a major monu-ment, is to be dedicated Monday. lai Shmelyov, that has stirred in-tense discussion among Russians

illegal events Sunday, which re-flected the long-standing rift be-tween the government of General tween the government of General megative phenomena" that he said In the article, which appeared in

"One cannot fail to see that the hidden, and sometimes open, resistance to perestroika from many regional and district party, government and economic organs is

growing," he said. Perestroika, which means restructuring or reconstruction, is the word most often used in the Soviet gram to revive the stagnant econo-

my and reduce rigidity in the Soviet While central economic ministries say they support perestroika,

Citing a problem that Western economists also have mentioned, Mr. Shmelyov said that government agencies, in the name of introducing a new system of economic management, have simply substituted one form of central

control for another. The problem centers on a new system of local control called khozraschot that was approved by the grown up in our society under Sta-

one of the core elements of Mr. Gorbachev's domestic program. The system, which spread on

By Elaine Sciolino

New York Times Service WASHINGTON - "We will

not be squeezed by time." Khalil

willing to make peace with Israel.

down in his home Saturday morn-

But instead of limiting their role, ministries have used state orders. part of the new system, as a substitute for the annual production tar-

Figures showing increased production are misleading, he added, because factories are producing

"There's a widely held opinion that lately the situation in the food markets and stores not only hasn't improved but has actually deterio-

Programs to encourage greater individual enterprise by farmers, another key part of Mr. Gorba-chev's program, have been stymied by local government agencies, ac-

pressed the party and government to take urgent steps to increase the availability of food, consumer goods and housing and to improve the quality of medical care. These stopgap measures have not as yet

cial pace of change, appear to have concluded that a fundamental economic restructuring, including decentralization of economic management, has been undermined by the party itself.

We cannot embark on the most effective variant in the economy without conducting a perestroika in politics," Mr. Popov said in his

system of power, patronage and privilege that makes them inherently resistant to change.

The nature of the Soviet system - with almost all power concentrated in the party - has left many of Mr. Gorbachev's economic and social programs hostage to local Communist officials who not only lack an incentive to help him but

have every reason to oppose him. Mr. Gorbachev's policies directly threaten the prerogatives of par-ty officials — everything from cars, drivers and special stores and medical clinics to the power to dispense jobs and dictate policy to schools, factories, collective farms and

around the country will lose their office car and driver under a Gorbachev decree.

One Moscow editor said recently: "You must understand what it means when these privileges and powers are removed. You are threatening a way of life that has Central Committee in June and is lin and his successors.

leader of his high school student union, he organized a guerries group to challenge Egypt's rule over the Gaza Strip.

Abu Jihad: A Lifetime

Of Fervent Dedication

To Palestinian Cause

Better known by the nom de al-Wazir was fond of saying when people asked him why the Palestine Liberation Organization was unguerre Abu Jihad, or "father of struggle." Mr. Wazır was second only to Yasser Arafat in el-Fatah

the organization they founded in the 1950s and which remains the indeed, the 52-year-old PLO military chief, who was gunned largest branch of the PLO. Since violent demonstrations ing, was nothing if not patient. The son of a grocer who fled with his family to Gaza after Israel was crebroke out in the Israeli-occupied territories last December, Mr. Wa zir had been the PLO official responsible for coordinating the up rising. Some PLO officials believe

it was his role in the uprising that led to his death. Mr. Wazir urged the Palestinian civilians not to use guns in their fight against Israeli soldiers, and he

often expressed pride that they were fighting the Israelis with stones, not bullets. Mr. Wazir, who was deeply loyal

to Mr. Arafat, earned a reputation as a moderating and conciliatory force in an organization that has often been fraught with infighting Mr. Wazir commanded the alle-

gance of dissident officers who split from el-Patah after feuding with Mr. Arafat, for example. He built his own base of support. And at the meeting last spring of the Palestine National Council, the PLO's legislative arm, he was instrumental in creating the final resolution that said that the PLO would be willing to have some contact with non-Zionist Jews who lavored Palestinian rights.

Mr. Wazir's death leaves a serious political vacuum in the PLO leadership. There is no leader in the organization with the same familiarity with the occupied territories or the same ability to avoid ideo logical feuds within the PLO:

As the PLO representative on a joint Jordanian Palestinian committee for development of the territories, for example, he had an intimate knowledge of the politics and social dynamics of the territories and wielded considerable power by controlling the PLO funds flowing into them. In addition, he prided himself on closely following every twist in Israeli politics.

"He was someone whose ideolo ev was Palestinian nationalism. said Helena Cobban, a guest scholar at the Brookings Institution and author of a recent book on the PLO. "He was also the heir apparent, but with considerable powers of his own.'

Mr. Wazir was consumed by belief that violent struggle was neo-essary to regain the land lost to Israel for the Palestinian people:

Over the years he served as a military strategist, journalist, troit bleshooter, arms purchaser, fund raiser, and negotiator for the Pales tinian cause:

In 1954, when Mr. Wazir was 19. he was arrested by Egyptian and The heart of the problem, according to several of Mr. Gorba-in Gaza and imprisoned for several district party organizations and the his first major guerrilla operation. blowing up water tanks near Belt Hanoun.

It was as a law student at Alexandria University during the 1958 Middle East war that Mr. Wazir met two other students, Mr. Arafat and Saleh Khalef. Together, they founded el-Fatah.

After dropping out of law school, Mr. Wazir married his cousin, Intissar, who shared his commitment to Palestinian nationalism and had served in his place in his absence. In addition to his wife, Mr. Wazir is survived by three soils and two daughters.

In the early 1960s, Mr. Wazif Mr. Arafat, and Mr. Saleh reunited On June 1, for example, 400,000 in Kuwait where they began to apparty and government officials cruit Palestinians for their movement. After persuading the Algerians to train about 100 Palestinian guerrillas, Mr. Wazir and Mr. Ara-fat traveled to China in search of support.

Returning to the Middle Past Mr. Wazir set up military head-quarters in Damascus, and from then on focused on guerrilla opera-

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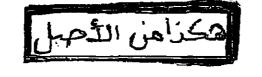
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ince violent demonstrate out in the Israel-out to the Israel-out to the Israel-out toories last December Mr. and been the PLO officer had been the PLO officer has been pLO official been the pLO official been the union to his death agencies, restaurants and a racing team - that does not trouble him. "I get a feeling of satisfaction," he says, "from owning it." Mr. Akagi is one of the new rich in his country, emblems of the new as his role in the upring 6 Japan Within the last 10 years, Japan has staked its claim as the premier world exporter and — 40 ir. Wazir urged the Palente years after its defeat in World War isans not to use gun u & ragainst Israeli solders all - has emerged as the leading creditor nation. n against the large to the fact that the fighting the large to the fact the fact that the fact that

wealth and confidence. Tokyo entrepreneurs such as Akio Monia became rich did so only after years

By Susan Chira

New York Times Service

1 TOKYO — Akira Akagi likes

fine cars. He owns a Rolls-Royce, a

Bentley, a Mercedes and a Porsche.

He is awaiting the arrival of anoth-

er Porsche, the 959. Although the

43-year-old entrepreneur will sel-

dom get the chance to drive his new

\$350,000 sports car — he will be

too busy running a \$600 million

group of real estate companies.

boutiques, sports clubs, travel

case the inventiveness of a new gen-

eration of Japanese architects. Ten years ago," said Mitsuru Saito, a senior economist at Sanwa Research Institute, "if you went sking, you would use the less-expensive night train and stay at lowcost guest houses. Now, people take the bullet train and stay at resort hotels."

Capitalizing on the recent leap from prosperity to affluence in their country, entrepreneurs have made fortunes within a relatively short period.

Real estate developers, restaurateurs, architects, fashion designers and financiers, the new rich are different from the old. The latter category includes aristocrats who lost their titles but not their social status after World War II; descendants of the families that established the giant zaibatsu, or con-The capital city reflects this new glomerates; and postwar

apart. They hide their wealth from most Japanese, abiding by the adage that the rich wear silk indoors and cotton in public. Such restraint was doubly important in the postwar years, when most Japanese were poor and conspicuous consumption was considered not only vulgar but provocative.

By contrast, most of the new rich mingle with ordinary Japanese. There are many more of them. In a country that is undeniably prosperous, they are less shy about flaunting their wealth.

Generally, they made their moncy in different ways than did the old rich. Rather than founding companies to export products, many of them sell services to Japanese who finally have enough money to spend on luxuries.

In the past, most Japanese who

gleams. Boutiques sport the latest of Sony Corp. who created the of patient hard work. But some of Japanese fashions. Buildings show companies that propelled Japan the new rich have become millionfrom poverty to prosperity.

The old rich tend to act as a class

aires overnight, not through business acumen but by being lucky enough to own stock or land at a time when prices were soaring. A plot of land bought or inherited years ago might have grown in val-ue 10, 20, 100 times; stock holdings

have similarly increased. Yet, the visibility of the new rich and their swelling ranks have sparked fears that the gap is widening between the rich and everyone else, indeed, 60 percent of the people who responded to a recent poll in the Mainichi Shimbun newspaper said they believed the disparity between classes was steadily increasing. This perception threatens one of the most precious assets of postwar Japan: the belief that ev-

cryone belongs to the middle class. To understand the fervent attachment to the idea that Japan is a nation of middle-class people, one has only to remember that World War II destroyed not only cities but also landed aristocrats, business

magnates and economic inequalities. Japan rebuilt itself into a society with one of the most even distributions of income in the world. For 40 years, the Japanese have taken comfort from the fact that most share a similar standard of living, and this has done much to ensure social stability.

The emergence of the new rich is prompting a debate about what to do with wealth and power in Japan. Many Japanese believe the affluence of their country should enable them to lead better lives. Others worry that rampant materialism has become the only goal, corroding such traditional values as selflessness and the importance of

Furthermore, if disparities in income and styles of living become glaring, will workers continue to put in long hours for the good of company and country? It was, after all, that unquestioning acceptance of the need for personal sacrifice that allowed Japan to become the economic giant it is today. Hiroshi Aoyagi can afford a

four-carat diamond ring for his wife and extended vacations in Hawaii, which he called "the closest thing to paradise on earth."

He remembers hunger. Born in 1941, he lived through the wartime devastation of Japan and its slow struggle to rebuild. But by the time he was out of college, his country had embarked on its dazzling ascent to industrial might.

He worked in an advertising agency for several years. When he companies on their own turi.

agencies in Japan. His other ventures include a typesetting operation and an advertising and publicrelations agency that brought chasers. "42nd Street" from Broadway to

Although Mr. Aoyagi's companies gross about \$80 million a year, he draws a salary of only \$500,000, putting most of the corporate income to use in new ventures.

He lives with his wife in an apartment in Aoyama, a fashionable neighborhood in Tokyo, is driven around in a Rolls-Royce and owns two summer villas. He spends little

rich are among the most avid pur-

Neither the stock market collapse of last October nor a decided slowdown in previously booming land prices appear to have stemmed the rush to consume. Powered by renewed Japanese economic growth, the stock market has bounced back to pre-collapse lev-

The buying of luxury goods and

els. Land prices may not be going up, but they remain much higher than they were a few years ago.

If disparities in income and styles of living become glaring, will workers continue to put in long hours for the good of company

Tokyo to play tennis, his newest to the new rich. Those who had hobby. During January and most saved to buy a home only to watch of July and August, he abandons in horror as land prices made that Tokyo for Hawaii.

and country?

"I enjoy vacations more than do-ing business," he said. "People clothes, jewelry. work to make money, and they work like crazy. After they are 55 or 60, most people can afford a long vacation, but by that time I could be dead or too old to play tennis.

Yet, he has turned the pursuit of leisure into profit. "What's differ- treat themselves to \$200 meals at ent about me is that work is an extension of my hobbies, he said. tennis club.

national tax administration agency reported that 88,306 people each happy. To recover from this pover-paid more than 10 million yen ty will be the problem that Japa-(roughly \$81,000 at current ex-nese face from now on." change rates) in income tax in 1986. The number paying more than 100 cars, became wealthy by sensing million yen that year was 1,226. these needs. For 13 years, he According to the Misawa Homes worked in his father's real estate Institute of Research and Development, the number of people who owned land worth at least \$2 million more than tripled to 333,500

from 1980 to 1987. zine reported that 154 Japanese were worth 10 billion yen or more, compared with 80 in 1985. That survey did not include such famous billionaires as Yoshiaki Tsutsumi, the railway and real estate magnate whom Forbes magazine called the was a risky approach, because in richest man in the world, because order to get enough land for sizable his assets are owned by his compa-

By and large, however, chief executive officers tend not to reach the ranks of the very wealthy be-cause they are salaried employees.

time in them; instead, he stays near services, however, is not confined an impossible dream are now spending their money on fine cars,

> Beyond possessions, creative vices as Japanese seek fuller lives outside work. Junior employees, for example, may save on expenses by living with their parents but

French restaurants every month. "Japan may lead the world in "I've been playing tennis, so I said what people actually own," said to myself, if I had a tennis club, I'd Toshiaki Izeki, a professor of socido it this way." Now, he owns a ology at Keio University in Tokyo ennis club.

"but in what way are Japanese
Just how many people qualify as poor? In the life style they lead new rich is hard to determine. The after 6 P.M. or on weekends. For years, to be busy at work was to be

> Mr. Akagi, the collector of fine father to agree to his plans for expansion, so he quit to start his own business six years ago.
>
> We had a very bad argument

Last fall, Nikkei Venture maga- and he was so angry he didn't even pay me any retirement settlement. Mr. Akagi recalled. He was finally able to extract enough of a sum to start a real estate business of his own, based on buying relatively inexpensive back lots in Tokyo. It buildings, he needed to buy front lots as well. But as land prices in the city rose, he said, he managed to outbid rivals for front lots.

Three years ago, Mr. Akagi was reconciled with his father. He now Sales of jewelry, paintings, furs, serves as president of his father's

So he opened a travel agency and luxury cars, large-screen televi- company in addition to running his sions, custom-built kitchens, imported furniture and upscale electronic equipment have soared in all but \$150,000 goes to taxes. But Tokyo, and marketers said the new such things as his penchant for cars can be satisfied under the corpo-

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rate umbrella. In 1986, he opened a restaurant called Leyson House, and he used the logo on racing cars that he

sponsors. His racing team has garnered a great deal of publicity in Japan. and last year, Mr. Akagi intro-duced Leyion House brand sportswear, one line of which carries his racing colors, peppermint green.

"When I first started sponsoring races," he said, "I didn't really have any product to sell. So I created the brand name and then followed it with a product. Most people do it the other way around."

Hiroyuki Hiramatsu is not rich. At least, that is what he thinks. Mr. Hiramatsu, 35, remembers trudging through the streets of Paris 10 years ago, knocking on restaurant doors to find a chef willing to take on an apprentice. Now he owns Chez Hiramaisu, an elegant French restaurant that has become a fixture in the Azabu neighborhood of Tokyo. Dinners generally cost more than \$150 per person, and his restaurant is packed

"I'm sure I'm not poor, but I feel marketers see opportunities in serwhatever I like, and whenever want to go overseas. I can go." Nonetheless, he said "I can't buy as much as a rich American."

Mr. Hiramatsu and his wife, who serves as maître d'hôtel, together earn \$138,000 a year, compared with the national average of

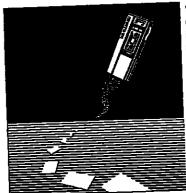
Newly Rich May Consume the Middle-Class Consciousness of Japan he has the further advantage of being able to charge most of his expenses to his company, a tax provision that explains why it is mainly self-employed people who are able to amass significant wealth in Japan. His restaurant owns the Mercedes he drives. His trips to France twice a year, where he leads his staff on culinary tours in search of new ideas, are largely tax-deduct-

> The resistance Mr. Hiramatsu has to seeing himself as affluent reflects the Japanese embrace of the middle-class ethic. A 52-yearold owner of an office that prepares legal documents recently sold 600 square feet of land in central Tokyo for a price he said amounted to millions of dollars. He took his earnings and bought three houses in Australia. One house included a yacht and a pool. In Japan, however, he lives modestly in a small house in Tokyo and drives an old Nissan. "I don't want to give my name," he said. "because in Japan, being inconspicuous is a virtue."



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As Billy Graham spoke Sunday in Beijing church, his words were translated by Philip Teng.

Graham Prays for China's Modernization

In Matra we trust.

BELIING - Billy Graham, an American evangelist, preached in a packed Beijing church Sunday and said he was praying for China's "moral mod-

"China is undertaking a modernization pro-am," Mr. Graham, 68, told a congregation of 1,000 in the Chinese capital's Chongwenmen church. It is my prayer that there will be a great

Other foreign clergymen have preached in China

since the Communist government began to ease curbs on religion in 1979. But this was the first public sermon by a pastor of Mr. Graham's renown. He spoke through an interpreter.
"Read the Bible. Work hard and honestly," Mr.

Graham said. "And don't complain." The Chongwenmen church, originally Methodist, was closed during the Cultural Revolution, a decade of political turmoil that ended in 1976 and

temples and mosques. It reopened in 1982.

was in his early 30s, he left with \$5,000 in savings to start his own business. His first venture, a trading company, failed. But Mr. Aoyagi said he learned a valuable saw the destruction of thousands of churches, lesson: Do not compete with big

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Orient. In traditional terms the East, in modern terms the Middle East. From Austrian Airlines point of view one of



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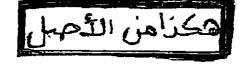
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BAHRAIN

With a new assertion of business confidence, Bahrain companies now see the country's potential role as a bridge to the markets of the Gulf Cooperation Council nations and as a sophisticated host to visitors from the Gulf and elsewhere. There is renewed optimism as diversification of the economy goes forward, building on the base of the most advanced financial and communications structures in the Middle East.

AHRAIN'S unusually heavy winter rains have made the well-tended lawns and parks of Manama particularly verdant this year. Their spruce and manicured look matches the strong feeling in the business community that economic prospects are looking up, following the beginning of a gradual recovery from the oil price slump in 1987.

The mood reflects a sense of the past and future of an economy that has witnessed the full cycle of boom and recession in the region.

Situated halfway along the Gulf, off Saudi Arabia's Eastern Province, Bahrain occupies a strategic location on traditional Gulf trading routes. An abundance of fresh water — which, from springs on the sea floor, helped nurture the early pearl industry — rogether with sheltered anchorages in the archipelago's 33 islands have made Bahrain a natural commercial center throughout its long history.

Early decisions before the boom period led to development of a modern relecommunications and transport infrastructure that has been vital in maintaining confidence in Bahrain during a less expansive period.

The record level of international telephone calls and the 1.5 million transit passengers who passed through Bahrain's international airport last year do not suggest a dormant economic environment.

There is a more relaxed mood this year. Bankers are encouraged by the planned opening of the Bahrain stock exchange during 1988. This follows the establishment in 1983 of an information system linking Bahrain's stockbrokers and providing data on 34 companies.

The 25-kilometer (15 miles) causeway linking Bahrain with Saudi Arabia opened in November 1986 and has had a significant impact, with one million vehicles having used the road link in the last year.

Apart from its industrial importance — providing a cheap land route between Manama's main port of Mina Sulman and Saudi Arabia — the causeway is helping one of Bahrain's main aims, the development of tourism.

Bahrain has always offered an urbane and relaxed environment to the professional visitor and a wealth of



Arab Shipbuilding & Repair Yard drydock (above); central Manama and diplomatic area, Bahrain (right).

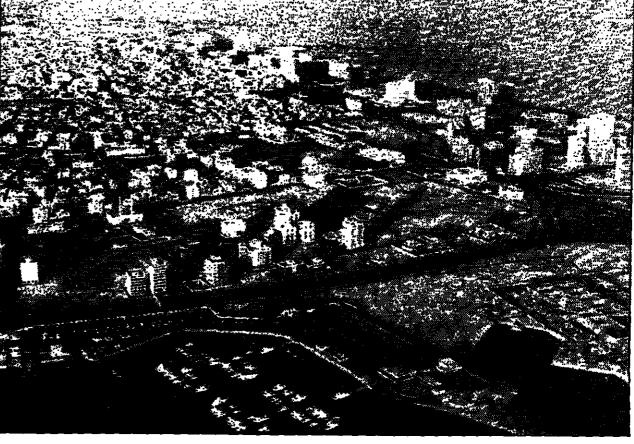
historical interest, now being steadily excavated, that traces Bahrain back 5,000 years when it was known as Dilmun.

From the government's viewpoint, tourism development, particularly aimed at Gulf nationals and their families, means the generation of foreign exchange, employment and encouragement of private investment in the services sector.

According to Information Minister Tariq Abdel Rahman Almoayed: "We want more Bahrainis to benefit directly from employment in tourism. There are now 5,000 jobs available in the hotel industry. These are being filled at present by non-Bahrainis."

Another key aim, but a much broader task, facing the government is the consolidation of existing industry and encouragement of further diversification moves away from the diminishing role of oil in the economy's future.

What has been achieved is already impressive. The



availability of Saudi crude oil in adequate quantities to supplement Bahrain's limited output led to the construction of the refinery run by Bahrain Petroleum Company (BAPCO) and now processing nearly 250,000 barrels a day.

The existence of natural gas also made viable the setting up of an aluminum smelter while the Arab Shipbuilding & Repair Yard Company (ASRY) operates one of the world's largest drydocks, able to accommodate ultralarge crude carriers of up to 500,000 deadweight tons. In 1987 its occupancy was nearly 90 percent.

Most of Bahrain's industrial base have had problems in the last two years. Problems have limited output at Arab Iton & Steel Company (AISCO), which is expected to be taken over by a group of investers led by the Kuwait Petroleum Corp.

The situation is more upbeat in Bahrain's aluminum industry, still the key to the government's diversification drive 17 years after production started.

The price per metric ton for aluminum soared in 1987 to an average of \$1,563, encouraging Aluminium Bahrain (ALBA — 57.9 percent government-owned) to produce 180,000 metric tons last year, 10,000 above its rated capacity. With prices still firm, ALBA expects production

to reach 220,000 metric tons a year by 1990.

Plentiful supplies of cheap natural gas have boosted ALBA, which is providing jobs to 1,650 workers — the majority of them Bahrainis. Ancillary industries have also been developed, including Bahrain Aluminium Extrusion Co., International Bahrain Aluminium Atomizer Co., Midal Cables and the newest, Gulf Aluminium Rolling Mill

All of Bahrain's major manufacturing enterprises are seen as having bright futures, although officials say one lesson to be drawn from the industrialization process is not to spend heavily on big plants that create only a few jobs at high cost.

In partnership with the other Gulf Cooperation Council states, Bahrain is looking for opportunities for import substitution.

At the beginning of 1987 the Ministry of Development and Industry, assisted by the United Nations Industrial Development Organization and Ireland's Industrial Development Authority, began researching import substitution manufacturing opportunities based on the Gulf markets.

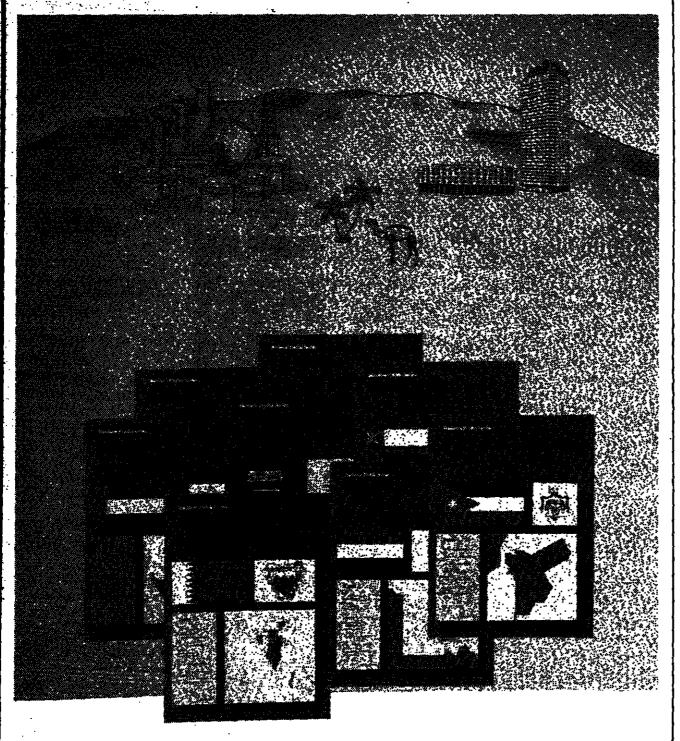
Two seminars were held last year in June at which these opportunities were presented to potential Bahraini private sector investors. Following the investors' expression of interest, the ministry, with the IDA, embarked on the next stage of obtaining overseas joint venture partners. A wide range of product areas has been identified for possible local production, including insecticides, mirrors, soap, electric motors, transformers, bandages, gauze and boot polish.

motors, transformers, bandages, gauze and boot polish.
Government officials say: "We are encouraging small industries to replace imports and we will bring in foreign partners."

The government intends an increased effort, including setting up overseas promotional offices, to promote Bahrain as the most suitable location for overseas companies wishing to establish manufacturing units in the Gulf. The expanding markets in the Gulf Cooperation Council are estimated to comprise the ninth largest economic unit in the world.

In the next five years the GCC aims to substitute 30 percent of its imports by local manufacture. It also seeks to avoid excess production capacity. Therefore, it is argued, the manufacturing ventures established early will operate from a privileged position.

- Anthony Richard



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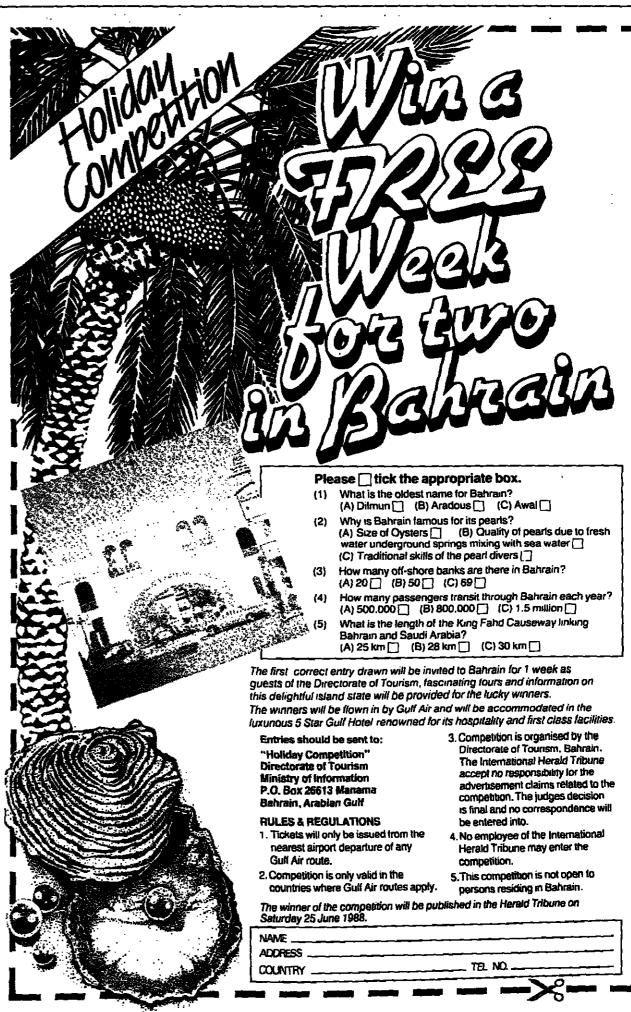
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AMEX Most Achie

ANKING arrived in rudimentary form in Bahrain in 1921, when a branch of the Eastern Bank - now the Chartered Bank - started business. More than 20 income. years later it was joined by others. But it was not until the middle of the 1960s that the island's spectacular

modern banking era began. The early pioneers had witnessed the gradual change of the economy from pearl fishing to oil production and the transformation of Bahrain into a service center for the Middle East.

Today the banking and financial system of Bahrain comprises the Bahrain Monetary Agency — the central bank authority -20 commercial banks, one specialist bank for housing and the Bahrain Islamic Bank, It also includes 69 offshore banking units (OBUs), 62 representative offices, 15 investment banks, 6 money brokers, 18 insurance companies and 21 money changers.

The extensive financial presence is due in no small measure to the bold and imaginative policies of the BMA, one of the region's most highly regarded cen-

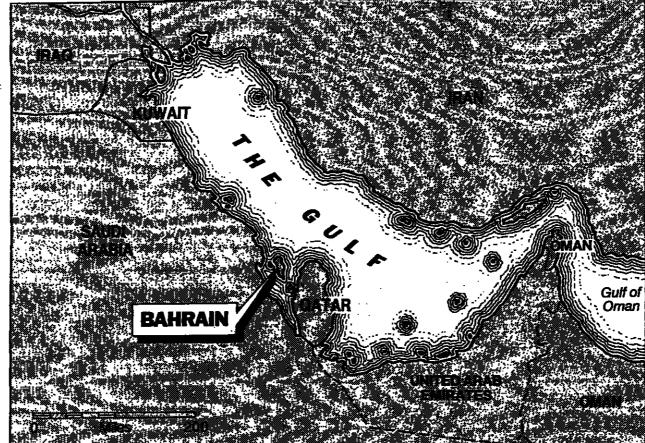
The BMA's plan to make Bahrain a center for international liquidity offered exemption from holding reserves with the central bank or from observing liquidity ratios. Withholding tax was not applicable to the interest earned by their depositors and no tax was to be paid on their

Expatriates have also been attracted by the open and pleasant living conditions in Bahrain. And the island's time zone has been important. Overlapping the closing of markets in Tokyo and the opening of those in New York, Bahrain's time position allows three to four hours for transacting deals with Singapore, Europe and London at rates prevailing in the world's major financial

At present, the investment banks are the bestperforming sector of the local offshore market. Japanese security houses, in particular, are expanding their activities and staff to deal with demand for yendenominated securities in

The growth of Bahrain as a banking center has creared a wealth of opportunities for its citizens. In 1986 the OBUs employed 2,113 people, 61.4 percent of whom were Bahrainis. In the same year the estimated direct financial benefit to Bahrain from the presence of the OBUs was \$197 mil-

Local banking still bears



tial foreign institutions including the British Bank of the Middle East (BBME), the second bank to set up in Bahrain in 1944.

More recently BBME has led in the introduction of automatic teller machines (ATMs). It was the first of the big five commercial banks to install an the mark of several substan- ATM in 1984 and has become a pacesetter in the tomer services and operatapplication of electronics to ing costs. A significant problem banking services. That is also reflected in the use of

for the OBUs is that the type of activities they were set up to do, including the financing of foreign trade and provision of performance and guarantee bonds, has been reduced in the last three years.

Hussain Ali Juma, gen-

Bank of Bahrain, the oldest and largest local bank, founded in 1957, says: "I do not think the OBU era is drawing to a close. The

market is going through a

rationalization process.

Those OBUs that have de-

cided to stay are investing

eral manager of National

in the future." ALUBAF Arab International Bank EC, which recently announced its consolidated 1987 results showing a 21.6 percent in-crease in operating profits before provisions to \$9.6 million, is also confident about the future. It says the imminent relocation of its head office to newer and larger premises in Bahrain's Diplomatic Area can be taken as a sign of the bank's belief that it can continue to increase levels of business activity in the coming years. Apart from the zest they have brought to the development of Bahrain as a service economy the OBUs are recognized in

ment in the region. Their presence has also encouraged the establishment of exempt companies. These have headquarters in Bahrain but trade outside the island. Their number had grown from 16 at the end of 1978 to 155 at the end of 1985. Bahrain's commercial banks, as well as the OBUs, face challenges as the region adjusts to a lower tempo of activity after the recession. But there is progress. BMA figures show that, comparing the first nine months of 1986 to the comparable period of 1987, the combined assets

of the local banks and Bah-

having assisted in the

growth of a forward market

in regional currencies to the

benefit of all those engaged

in external trade and invest-

rain branches of foreign banks grew 5.3 percent from BD 1.436 billion (\$3.807 billion) to BD 1.512 billion (\$4.010 bil-

lion). A doyen of the local banking community, Robert Van der Mei, general manager of Algemene Bank Nederland (ABN) is sanguine about future prospects. The bank, which started business in Bahrain in 1975, has seen the whole business cycle in the region.

"When we started, the concentration was on commercial banking activities," he says. "Now the focus is on foreign exchange and vehicles such as tréasury bills, bankers acceptances as well as specific products such as interest rate swaps, options, futures, forward rate agreements and investment advice."

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"ABN's strategy in the Middle East has been a typical one of go out and show your face and get trusted. Our rationale for a branch is long-term as is our relationship with dients," he says.

"ABN has had branches in the Far East for more than 100 years. We have experienced 10 good years in Bahrain and two lean ones. We have had to trim a bit and have increased automation but we came to stay. This is an important part of the world and will remain so." _A. R.

Arab Banking Corporation: The Fruits of Diversification

N just eight years since its formation, the Arab Banking Corporation has grown rapidly. The latest report and accounts shows that total assets grew by 20 percent over 1986 from \$14.582 bil-

lion to \$17.548 billion and that total footings at the end of 1987 stood at \$28.806 billion compared to \$24.162 billion at the end of 1986, an increase of 19 percent.

ABC is owned by Ku-

wait's Ministry of Finance, the Abu Dhabi Investment Authority and Libya's Secretariat of Treasury. Each of them paid \$250 million toward the bank's authorized \$1 billion capital. From the outset, the bank's policy

has been to develop on a global basis. In the last report and accounts the Arab world was the source of less than 20 percent of ABC's earning assets.

the Hexagon computerized

system by BBME's corpo-

the market and competitive

pressures are encouraging

Bahrain's institutions to

pay greater attention to cus-

The changing nature of

Led by operations in Europe and the Far East, worldwide growth is reflected in a steady scream of acquisitions, including controlling shareholdings in Spain's Banco Atlantico group, International Bank of Asia (formerly Sun Hung Kai Bank) in Hong Kong and West Germany's Richard Daus & Company, as well as a 25 percent stake taken in the Union Bank of Bangkok in 1987.

More recently, performance has reflected the growing impact of ABC's diversification program as it moves from being an offshore entity operating in the interbank market toward becoming a leading international institution.

ABC is now playing a more direct, varied and ac-

tive role in the world's major financial centers. Early in 1987 ABC moved into its spacious and prestigious ABC Tower

headquarters building in Manama's diplomatic quarter and subsequently introduced a wide-ranging reorganization of group management. This has involved setting up a Bahrain head office branch as well as the creation of several senior executive positions and management committees. These moves assist the control and coordination of VRC Blomb's diactse sud expanded international network, which now employs more than 5,000 people.

ABC's acquisition policy has done more than establish its presence. Arab



Abdulla Saudi. president, Arab Banking

Banking Corporation-Daus & Company has, for example, been transformed from a private West German banking house into an in-

ternationally active merchant and commercial bank ABC's Milan branch now rates the second largest foreign banking operation in Italy, comments ABC president and chief executive, Abdulla Saudi.

After completing nearly 30 years as a banker, Mr. Saudi is an advocate of traditional methods in banking. As for the trend toward "securitization" of international lending through commercial paper and note issuance facilities, ABC is not convinced that these new capitai instruments represent a realistic longterm substitute to direct bank lending for many countries and corporations. "After last October's stock marker crash, a lot of banks, us included, are reviewing the trend and cmphasizing traditional lend-

ing," Mr. Saudi says. Future development of ABC's banking base will be dictated by market conditions. "No acquisition is really in mind, but we would not decline an opportunity which was unlikely to be repeated," com-

ments Mr. Saudi. Geographically, the Far East is seen as important to the future. "We feel that our existing presence there must develop because of the flow of business between the two areas," he

What concerns Mr. Sau-di are the blanker generalizations that outsiders make about the business environment in the Middle East. Mr. Saudi is particularly critical of the demand for provisions in accounts which, as an international bank, ABC concurs with. "The trend towards making provisions may be suitable for the U.S. or Europe, where taxation questions may be a factor. For us the importance is to have the funds."

"The international community should judge the region by its assets in the ground," he contends. "I believe in cycles and by 1993-95 we will see the oil price going up. I am full of confidence about the availability of funds. We have to adjust to new trends and overcome difficulties and have to be cautious but not look at things in a simplis-

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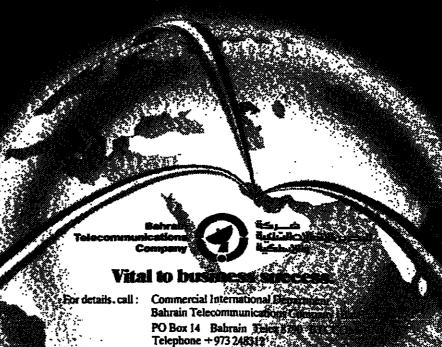
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We offer a diversified port-

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Takoa Nakajima, bead of Nikko Securities M.E.

THE Japanese were relative latecomers to Bahrain. They experienced the final years of the region's boom period as well as the more subdued business period that followed. Commitment to Bahrain as a center for opcrations in the region, however, remains undiminished. The positive attitude is reflected at government level by the raising of the Japanese consulate to full ambassadorial status from

this April. The number of Japanese citizens living in Bahrain is estimated to have doubled to about 500 in the last three years. In the financial sector, 17 Japanese banks and eight securities houses are represented on the island. The latter in particular display confidence about current business and future

prospects. In June, Nikko Securities Company expects to announce the formation of Nikko Investment Banking (Middle East) as an exempt. company. Daiwa is also expected to raise its statuswhile Sanvo Securities is due to add to the already formidable Japanese presence in Bahrain. The location is seen not only as an excellent bridge between the Far East and Europe but also as a magnet for Middle East funds seeking an outlet in the growing economies of Japan and the rest of Asia

Takoa Nakajima, chief representative for Nikko Securities in the Middle East, declares: "I am very positive and optimistic about the market." His opinion is echoed by other senior Japanese executives in Bahrain. According to Isao Shoji, managing director of Okasan International: "There is still a lot of money in this part of the world looking for investment opportunities."

The Japanese investment market is seen as particularly attractive at the present time. As Mr. Nakaima points out, the fundamentals in the Japanese economy are sound and estimates for the fiscal year ending March 1988 indicate that the average ordinary profits of all listed Japanese companies will show an increase of 29 percent over the previous year.

Kenji Morozumi, presi-

Building an Insurance Market in the Arab World ment Banking (Middle East), also emphasizes the lessons to be drawn from the Black Monday stock-RAB Insurance market crash. Last October Group (ARIG) will have completthe Dow Iones and Finaned seven years of operations cial Times indexes fell 36.1 by this July, a period in percent and 32.1 percent bewhich it has established a low their year-high levels.

respected and expanding

role for itself in the interna-

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high was 17.8 percent. It surance market. A net income of \$15.1 then rebounded 4.2 percent within a week, making the million was announced by ARIG's board on March 17 Tokyo market a focus for together with a dividend international investors. totaling \$10.5 million -Losses in Tokyo were, Mr. the same as in 1986. Morozumi points out, offset by the appreciation of The most significant as-

pect of the group's results is that, for the first time, the yen against the dollar. "After the crash we ARIG made a profit of \$6.9 thought many investors million from its reinsurance would withdraw from the operations compared to a market; in fact the response loss of \$3.8 million in the has been the opposite," he comments. "Our business previous year. Last year's depends on the market. But carned premium income of we feel the worst is over \$157 million was also an and things have bottomed impressive increase of 31 percent over the 1986 figout, though this may not be reflected in accelerated reure of \$119.7 million. covery. However, one can The group was formed see quite significant developments in the next three to five years. Investors cannot depend on dollar de-

with finance from Libya, Kuwait and the United Arab Emirates in 1981 in Bahrain with the intention of establishing an Arabbased and Arab-managed insurance adjunct to the world insurance scene.

According to its general manager, Nooruddin A. Nooruddin: "Basically the strategy is to build a home market in the Arab world. We believe we can do it in all branches of reinsur-

However, the pace of growth for ARIG has reflected its international operations. Four years ago about one-third of ARIG's business came from Arab markets. These now account for one-fifth, not because of an absolute decrease in the region but because of the faster increase of business in other

markets. ARIG has seen a steady expansion in all areas of its activities since its formation. The highest rates of expansion have been achieved in the specialist areas of aviation and oil reinsurance.

From the outset ARIG has emphasized the development of an international facultative book of business based on a selective and conservative underwriting policy. By the end of 1986 the gross written premium in the facultative division was \$116.8 million, representing nearly two-thirds of the group's total gross written premium.

The biggest proportion of this was accounted for by aviation reinsurance while offshore oil business augmented the gross premium from the oil production sector, refineries and petrochemical plants.

ARIG has a particular commitment to the aviation industry and has built up its account to the extent that it participates in the majority of the world's airline insurance programs. The group's policy is to write purely major risks. In 1986, 43.7 percent of ARIG's aviation market was in North America, 23.6 percent in Europe and 13.6 percent in Arab countries.

It was not until 1985 that ARIG's oil department started to extend cover to offshore risks, reflecting the group's cautious policy of nor proceeding until it has the necessary

expertise. In the oil reinsurance business, technical knowledge is essential. Not only does ARIG have the capac-

the last few years extensive worldwide contacts and developed the expertise to service the oil industry's highly specialized needs.

In 1986 the majority of onshore premiums (31.9 percent) came from Arab countries and most of the offshore premiums (30.2 percent) from North America.

ARIG has adopted a selective underwriting policy with regard to treaty business. Fire accounts for 59.9 percent of the portfolio and marine cargo 17.8 percent. The geographic distribution of activity reflects a commitment and support of the Arab markets, which provided 43.5 percent of business in 1986.

Since 1981 ARIG has concentrated on a selective penetration of its various markets, developing professionalism and annual growth based on quality

Insurance market conditions, which had already worsened in 1987, are expected to remain weak throughout 1988. In spite of this, ARIG is confident

ity, but it has built up in of being able to sustain a modest rate of growth in premium income in 1988 and looks forward to a year of record profitability.

"We have to plan ahead and are taking the strategic decision to place ourselves closer to markets," Mr. Nooruddin says. In particular the company intends to strengthen its position in the Arab and Afro-Asian markets. To reinforce the strategy, ARIG will shortly be opening a branch in Hong Kong and then another in Tunis, in addition to its existing contact office in London.

The group is also press-ing ahead with its policy of developing a high level of Arab insurance skills and an ongoing training program has already produced a number of highly qualified Arab underwriters.

ARIG's future is international. "Through new marketing and distribution channels we expect to penetrate new markets, especially in the Arab world," Mr. Nooruddin savs.

- A. R.

Aluminum Industry Turns in a Record Year

Mr. Shoji of Okasan is N 1971, when the Aluminium Bahrain (Alba) plant began operations, it marked the there." Client potential is island's first and biggest attempt to diversify its econ-Saudi Arabia and Kuwait. omy. The performance of this 57.9 percent governmore about the markets we ment-owned investment has since exceeded all expectations, as production is running at record levels and world aluminum prices have reached an all-time high. Since the operation

began, Alba has produced

over two million metric

tons of metal, and operated

more than BD 700 million (\$1.856 billion) worth of

exports. Strategically located between Western Australia's raw material sources and the Asian and European markets, Bahrain also enjoys the advantages of an abundant supply of cheap natural gas. Alba's efficient management techniques have further helped contain production costs, which have remained constant for more than a decade.

With Alba acting as a focus of Bahrain's industrialization, downstream operations have naturally followed. Bahrain Atomisers was Alba's first spinoff, set up in 1972 to produce aluminum powder for the manufacture of paints and

explosives. In 1976, Bahrain Saudi Aluminium Marketing Company (BALCO) was established. BALCO markets the government's share of Alba's production alongside that of Saudi Arabia, which has a 20 percent in-

terest in the smelter. Bahrain Aluminium Extrusion Company (BA-LEXCO) was set up the following year. Though it can produce all types of extrusions, its output typically reflects the construction industry's needs for items such as doors, cladding and window-frames.

Midal Cables followed a year later. The Gulf's sole specialist producer of aluminum conductors for overhead power transmission lines, it is one of the largest users of Alba's highquality output.

Most recently, the Gulf

Aluminium Rolling Mill Company (GARMOO) was set up to produce sheet and coil aluminum. It represents the first big project undertaken by the Gulf Organization for Consulting (GOIC) and is the largest downstream aluminum venture in the region.

Now Alba is planning to invest over \$100 million in its smelter. The move should take production levels to 225,000 metric tons per annum by 1991.

-- A, R.

ABU DHABI - AL-FUJAIRAH - AMMAN - ATHENS - BAHRAIN - BANGKOK - BOMBAY - CAIRO - COLOMBO - DAMASCUS





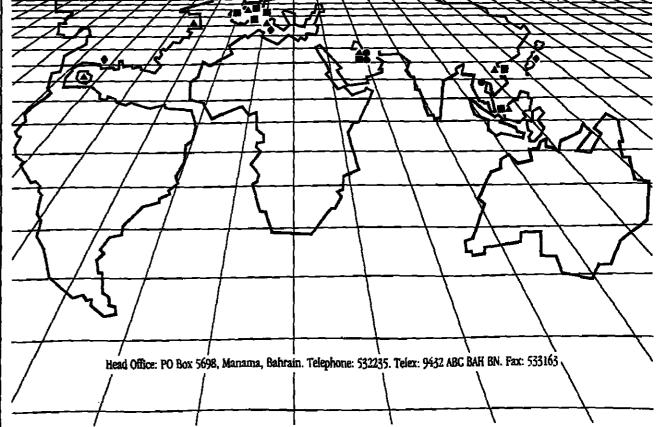
BANKING CORPORATION (B.S.C.) FINANCIAL HIGHLIGHTS 1987

Arab Banking Corporation (B.S.C.) experienced another year of balance sheet growth and at the same time maintained satisfactory operating profits thuring 1987.

Operating profits for the Group before taxation, minority interest and loan loss provisions amounted to US\$188 million compared to US\$175 million for last year. To reflect the realistic and current status of LDC debts and its required provisions of US\$375 million, the Board of Directors decided to allocate all profits after taxes and minority interests to loan loss provisions in addition to US\$217 million transferred from reserves and retained earnines.

Financial Highlights - 1987 (in million US\$) 17.548 14,582 Total Loans & Advances 7,171 5,999 Marketable Securities 1,268 1,056 Deposits with Banks & other Financial Institutions (placements) 6,351 11,629 Total Deposits 3,530 Deposits from customers - Deposits from Banks & other Financial Institutions 8,099 1,719 Total Capital Resources Shareholders' Funds

▲ Branches ◆ Representative Office ■ Subsidiaries ◆ Affiliates



Communications: A Sophisticated Link in a Global Network

ing in the main thoroughfare of Manama is soon aware of bow pervasive, widely used and vital telecommunications are to the island.

A car drives by, its passenger in earnest conversation via a radiotelephone. In nearby offices, financial dealers monitor the computer screens that link them with stock markets across the world. From one of many public boxes in-stalled by Bahrain Telecommunications Company (Barelco), an American casually places a collect call to Texas. Bahrain is truly a telephone society.

Availability of broadly based and reliable telephone services plays an important social as well as business role in the island, allowing both ordinary Bahrainis and workers from outside to maintain regular contact with their families from afar. Bahrain's present ratio of 30 telephones per 100 persons, while open to expansion, is impressive when compared to many other parts of the world.

Bahrain's telecommunications story is one of leadership and technical innovation in the Middle East provided by Batelco since 1981 and previously by the U.K.'s Cable & Wireless, which retains a 40 percent shareholding in the now largely Bahrainized compa-

One of the key factors in the island's development as a major commercial center has been a commitment to develop international telecommunications services. The opening of the Middle East's first satellite earth station in 1969 underlined a determination to invest beavily in a drive to estab-



Satellite earth station complex at Ras Abu Jarjur.

lish Bahrain as a sophisticated link in the international telecommunications network.

There are now three earth stations located at Ras Abu Jarjur on Bahrain's southeast coast. Two of them link up with Intelsat satellites over the Indian Ocean and the Atlantic. In 1985, a third link was established with the Arab Satellite (Arabsat) system.

Intraregional links are maintained through a 1,200 channel submarine cable connecting Bahrain to the United Arab Emirates and Qatar. A microwave system, due to be replaced by a fiber-optic cable across the causeway, connects the island with Saudi Arabia.

The system carried near-

ly 39 million minutes of international connections in 1987, a phenomenal totalgiven the relative size of Bahrain and its small popu-

The modern infrastruc-

ture has allowed Bahrain's extensive financial community and other sectors with specific and complex telecommunications requirements to introduce state-ofthe-art equipment. Last July, a miniature financial data receiver was launched in conjunction with Reuters, one of the many Batelco clients that base their Middle East operations in

Alongside the reliability of Batelco's services, rheir availability has been equally important in drawing business to Bahrain. Response to faults is rapid. While 90 percent of applications for telephone services are completed within 18 working days, 70 percent are complete within six. Such performance exceeds

average European stan-

The growth of new services for Bahrain's business community has been spectacular. Around 463 leased circuits for database access, facsimile, teleprinter traffic and voice communications were in operation by the end of 1987.

Meanwhile, further demand for the International Database Access Service (IDAS) is expected to fol-

low recent rariff reductions. Last year, the number of subscribers to Batelco's public paging system grew from 912 to 2,091. Equally dramatic growth has been recorded by Batelco's Mobile Automatic Telephone System. Its initial 1,000-line capacity will be quadrupled this year.

Bahrain's telecommunications services remain ahead of others in the region. While others have spent huge sums to catch up, there is little doubt that Batelco has set the standard for them to follow. This pattern is likely to continue as the telecommunications world gears up for the in-troduction of Integrated Service Digital Networks (ISDN) in the coming decade. This multipurpose digital telephone system will accommodate services such as data and fax as well as voice on a single nerwork.

In readiness for ISDN, 2 second phase of development linking Bahrain's national and international networks with a fiber-optic ring was completed by Batelco last year. An operation to extend and complete the ring is to start this

By the end of 1987, 65 percent of Bahrain's national telephone network was based on digital technology. Batelco's overall strategy also allows for accelerated depreciation on older exchanges to encourage acquisition and installation of newer equipment.

A new message switching center, due for completion at the end of 1988, will be the largest real-time computer-operated switching center in the region and will help Batelco develop its international services by providing new private network applications. At the other end of the user spectrum, the latest "intellipayphones are already being steadily installed.

— A. R.



Dealing room of Manufacturers Hanover Trust.

MHT: A Multinational Builds Middle East Hub in Bahrain

Manufacturers (MHT) span the globe, with foreign exchange transactions in excess of \$2 trillion trading in 24 locations. Bahrain is the focus of MHT's Middle East trading, generating significant amounts of documentary credit and funds transfer business for branches around the world.

Despite the economic downturn in the region, the area remains a significant business focus with considerable potential, according to Albert Kittaneh, vice president and manager of MHT's Bahrain branch. In line with the statement of confidence, MHT's Bahrain operation has been expanded. Today it has a staff of 54 compared to only 32

"The present atmo-

THE operations of sphere is good. Despite recession, there are substan-Hanover Trust tial funds available for investment," Mr. Kittaneh

> When first established in Bahrain, MHT was concemed exclusively with the traditional letter of credit and refinancing business. Since then business has evolved in accordance with the region's demand for increasingly sophisticated financial services. A key reason is Bahrain's time bridge position in world markets. A seven-day-a-week operation is maintained by MHT for its customers with the bank able to reach international money markets almost instantaneously through high-speed data

Bahrain is now the hub of MHT's foreign exchange business in the Middle East and is the leader in spot., interbank trading in the Gulf, Mr. Kittaneh says.

A factor that has encouraged the growth of MHT's local client base is its reputation for innovative products and services. These include a payments system based on a user's personal computer that was introduced last year. A security clearing service is presently being marketed that guarantees completion of back office work in stock market transactions, which is seen as particularly valuable for clients in the Middle East.

MHT's global status allows it to play a broad role in the region. In October 1987, MHT, as lead agent for 38 banks, concluded 21 months of intensive negotiations on a massive SR 1.300 billion (\$346.6 million) financing for Ghaith Pharaon's Saudi Research

& Development Corporation (Redec). The agreement is the biggest of four major "work outs" that MHT has been involved in since 1985 in the region,

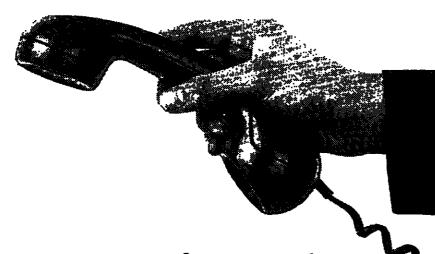
Mr. Kittanch says.
"We have looked over the horizon and determined that there are still very good companies in the area," he adds. "Oil revemes are still substantial by any standards. Economies have learned to live with a reduced level of expansion. At the corporate level there is a more seasoned attitude. Having lived through both boom and recession cycles, better executives have emerged who have seen both sides of the equation."

The boom conditions are not expected to return, says Mr. Kittaneh, who identifies a move by the region's economies toward services. "A two to four percent growth in GNP is a respectable standard. If we can make money in the West at this level of activity we can do so in the

Obraining more from a smaller cake calls for competitive skills as well as finely honed products. MHT's Bahrain branch stresses the continuity of management that is the bank's hallmark, Mr. Kittanch's predecessor is now in New York dealing with Gulf business. A cadre of Bahrain staff has also been developed by MHT.

"Providing a core of knowledge within our institution and knowledge of what we are doing in the area — these are particularly vital ingredients in the Middle East," concludes Mt. Kittaneh.

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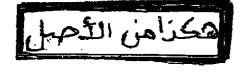
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Gulf Air Targets a Decade of Growth

THESE are busy times for Gulf Air as it finalizes its strategic plan for the 1990s. Over the past two years. along with other key economic sectors in the region, the airline has had to restructure operations in the face of recession.

Now it is looking toward the future with confidence. A determination to succeed is reflected in plans to replace its fleets, enhance services and develop new routes. According to Gulf Air's president and chief executive, Ali Ibrahim Al-Malki, the strategy which awaits board approval - asks: "What are we? Where are we going and how we are going to achieve our goals."

Other major decisions relate to marketing and, not least, fleet replacement, he adds.

The airline, which currently operates two fleets comprising 11 Lockheed L1011 TriStars and eight Boeing 737 aircraft, serves 34 international destinations. Originally established in 1950, the airline is jointly owned by Abu Dhabi, Oman, Qarar and Bahrain - where it has its headquarters.

"In the next five or six years we will have replaced our fleets with new aircraft," Mr. Malki says. "By the end of 1988, hopefully, we will have decided all our single aisle and wide-body

requirements." The potential procurement of large numbers of new aircraft by Gulf Air has drawn keen interest from American companies such as Boeing and Mc-Donnell Douglas and Europe's Airbus consortium.

Mr. Malki says the decision will be based on what is best for Gulf Air's future route needs. "We have to take account of fuel, operating and maintenance costs 25 well 2s capital acquisition costs," he explains.

Gulf Air already decided to acquire two Boeing 767-300 ER airliners on a leased basis. The first will be delivered in June and the second in November of this year. Further aircraft acquisitions are likely to reflect both lease and straight pur-chase, says Mr. Malki, He is hopeful that moves toward establishing a regional aircraft leasing organization

will be successful. Such a plan is being discussed under the auspices of the Arab Air Carriers Organization. Three or four financial institutions in the Gulf have already examined the idea and it is hoped that institutions outside the region with leasing experience will also get involved.



Ibrahim Al Malki, president, Guif Air.

Following delivery of the first 767-300, Gulf Air will begin scheduled services to New York via London. Leaving Bahrain at 10 A.M. local time, passengers will arrive in New York at 8 P.M. the same day. Acquisition of the 767-300s is also expected to boost performance on Gulf Air's Far East routes, doing away with a number of technical stops now required on long

The advent of new aircraft technology has other implications for Gulf aviation. As they start operating aircraft like the new Boeing 747-400, a number of airlines will be able to fly jumbo loads of passengers 16 hours nonstop direct from the Far East to London, canceling the need for refueling stops.

Mr. Malki says the prospect of Fifth Freedom carriers withdrawing operations to the region does not overly alarm him: "On the one hand we are happy at the prospect of our own backyard being cleared up. On the other, we may have greater difficulties with reciprocal landing rights. However, the fact that over the years markets and routes have been created by airlines means they cannot

disappear overnight." Present trends give rise to optimism. Gulf Air carnied some 2.6 million passengers in 1987 and is expecting a 10-12 percent increase this year.

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"We see the passenger marker holding and no fur-Paris, Frankfurt and Athens. Possible candidates inther deterioration but the clude Rome, Vienna and character of the market is Geneva or Zurich, says Mr. changing," he said "We are going to see a different The New York operatype of operation in the future and Gulf Air is expanding its long-range

routes to provide better ser-

vices for its customers. Pas-

cian clientele rather than

traffic either to or from the

region," he said "Gulf Air

has to change its operations

accordingly to emphasize

our business class facilities

and we have improved our

That effort was recog-

nized earlier this year with

the presentation by the In-

ternational Flight Catering

Association of its presti-

gious Mercury award for

excellence of in-flight ser-

the few international air-

lines that has been accepted

as a member of La Con-

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tisseurs, the gastronomic

for service not only applies

to passengers. For three

years in a row Gulf Air has

peen voted best Middle

East cargo carrier by readers

of the British publications

Air Cargo News Interna-

tional and British Shipper

play an increasingly impor-

tant role in Gulf Air's pas-

senger and cargo opera-

tions. The airline is seeking

to add Beijing, Tokyo,

Scoul and Singapore to a

network that already en-

compasses Hong Kong,

Bangkok and Manila, How-

ever, a balance will be

sought with European ex-

pansion adding new desti-

The Far East is likely to

and Forwarder.

The airline's reputation

society.

Gulf Air is also one of

in-flight services."

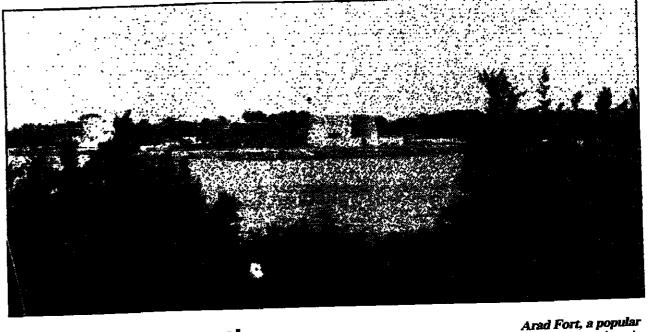
manual worker traffic."

tion, later this year, will represent the most dynamic expansion for Gulf Air in several years. In the long term, other routes in the sengers increasingly reflect United States will be apa white collar and techniplied for. Houston is understood to be one possibility. A diversified concern, "We also envisage a higher volume of tourist

Gulf Air has significant growth prospects in other areas. It has a 40 percent shareholding in the \$100-million Gulf Aircraft Maintenance Company (GAMCO), which opened its new facility in Abu Dhabi in September. Already carrying out engineering maintenance work on Gulf Air's TriStar fleet, GAMCO aims to attract other airlines and eventually compete with the best and largest aircraft maintenance centers in the world.

Expansion is also envisaged for Gulf Air's helicopter operations center in Doha and for its hotel interests, which comprise shareholdings in Gulf hotels in Bahrain and Oman. Negotiations are under way to acquire a property in Bombay, and there is interest in seeking hotels in Eu-

But transportation remains Gulf Air's main occupation. Gulf Air's president points out that it is the only Arab airline dependent on its own resources, and has the confidence of banks and leasing companies behind it. The company's strategy, due to be agreed in the next few months, is likely to emphasize Gulf Air's status as a major force in regional and international aviation over the next decade.



Appealing to the Discerning Business Traveler

first Gulf state to build up an infrastructure geared to the traveler. First-time visitors to the Gulf have often made the island the initial stop in their journey.

A passenger arriving at Bahrain Airport is soon awakened to the reality of a part of the Gulf that is outstanding for having created what may be the most sophisticated financial and communications center between London and Singa-

A credit card call back to the office from the airport? No problem. A car with a telephone? Again, that is available. And in the hotel, direct international dialing will be the norm.

But, telephones and other advanced technology aside, Bahrain's past also is an attractive drawing card for the visitor.

Bahrain, often referred to as the 'Land of Immortality', has signs of habitation that date back to about 100,000 BC and much has

AHRAIN was the been carefully preserved and is now on view.

Forts, ancient monu-

In addition, many ar-

The hotel industry has

The hotel industry has been purposefully encouraged by the government, though at first it was de-

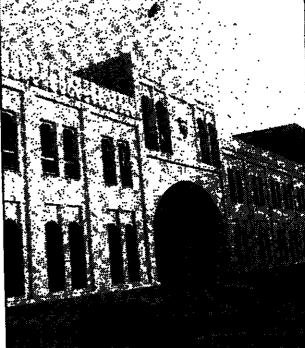
ments and buildings provide valuable information on the political, economic, social and cultural life of the bygone era. Of these, the Bahrain Fort is considered one of the most spectacular relics.

chaeological excavations have turned up interesting artifacts from the past, which are now popular with the visitor.

The Arad Fort, located close to the airport, is another monument depicting a glorious past. Historians agree that the fort is an Arab structure, possibly built during the 16th centu-

made great strides in providing a relaxing, comfortable haven for visitors who are in Bahrain for pleasure or business.

Productivity



signed to service the business travelers who came during the period of economic expansion.

The island's first fivestar hotel was the Hilton, opened in the mid-1970s with 286 rooms. It has been joined by the 328-room Sheraton, 125-room Ramada, 120-room Delmon, 275-room Holiday Inn., 240room Gulf Hotel and 384room Regency Intercontinental.

Below the deluxe category are a number of more modest establishments, including the Al Jazira near the souq, Le Vendôme and Omar Khayam.

Bahrain is anxious to further develop its potential for attracting visitors. The High Council for Tourism was set up three years ago to develop facilities, particularly with the aim of attracting more Gulf nationals to the island.

tourist site (above);

Archaeology (below).

the directorate of

Tourism and

the new headquarters of

The opening of the causeway from Saudi Arabia has been a significant boost to attracting Saudi visitors. Bahrain itself has developed beach areas at Zallaq and Budaiya But Bahrain does not seek to tourist haven. It seeks rather to provide hospitality and the best of amenities to the professional visitor, his family, and the discerning traveler.

_ Anthony Richard and Stephen Victor

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EUROBONDS

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MONDAY, APRIL 18, 1988

Forecast on Treasuries Is **Bad News for Eurodollars**

By CARL GEWIRTZ

ARIS — If last week's news about the dollar and dollar interest rates were not enough to keep investors away from Eurodollar bonds, Salomon Brothers is giving investors additional reasons: Eurobond prices are likely to deteriorate as all dollar yields widen relative to the benchmark U.S. Treasury paper.

The investment bank expects U.S. interest rates to rise substantially this year, pushing the yield on long-term U.S. government bonds to 10 percent from the current 8.94 percent. That itself ought to keep investors away from the dollar sector, at least until the increase in yields has reached a plateau.

But the firm sees other factors at play. As government yields rise significantly, Salomon said, "investors will have less Many strategists incentive to stay in higheryielding" nongovernment are advising clients

"Accordingly, there will be moderate upward pressure on corporate spreads," yields rel-ative to the benchmark level, especially on lower-rated is-

to buy French franc bonds. sues," the firm said.

Additional pressure on spreads will result from the increased volume of corporate bonds expected to hit the domestic U.S. market. Salomon estimates an additional \$2 billion to \$3 billion of quarterly volume as capital expenditures of U.S. companies accelerate this year to keep up with the export boom.

Finally, the declining trend of the currency will make it more

difficult to sell all dollar bonds, but especially Eurodollars. As a result, the investment bank said, "Eurodollar bonds are likely to underperform similar credits in the domestic market."

Investors appear to have anticipated all this. Since the beginning of this quarter, few Eurodollar bonds have been issued and

those that have been were for short periods. Last week's issue for the European Community was a typical example. It has a life of only two years. (The EC is refinancing the final two years of a previous issue on which it was paying interest of 9% percent.)

HORT MATURITIES remain popular because regardless of what happens to interest rates or spreads, investors are at virtually no risk since they get their cash back in two years. This proved to be a major attraction as bond prices fell last week and investors looked for the safety of short-term placement. Where they are at risk, of course, is on the currency. But many institutional investors are obliged to keep a portion of their assets a in dollars.

Where investors have a choice, many strategists are advising clients to buy French franc bonds. Although views differ widely on whether the franc will be devalued this year, Salomon Brothers says franc bonds offer good value even if the currency is realigned

within the European Monetary System.

In its April report on fixed-income strategy, Salomon notes that the franc currently is close to its EMS floor versus the Deutsche mark. "A realignment of central rates of 4 percent could leave the market rate between the two currencies only I to 2

percent below current levels," it said. However, this potential currency loss is "more than offset by two factors: the higher yield resulting from the current 4 percentage point spread between the two markets, and capital gains resulting from an expected narrowing of yield differentials after

the realignment. Sterling bonds are also recommended, again for both the relatively high yield and potential currency strength. But investors need to be wary: Although most forecasters expect the currency to remain strong over the short term, it is expected to

drop back later this year. However, the Eurosterling issues marketed last week did not attract much support. All were considered to be aggressively priced. The split A/triple-B rating of American Brands was a handicap, and double A-rated American Express suffered from

being a financial services company; the sector is not in favor now. Italy's IMI Bank International had the most tightly priced Aissue, to yield 35 basis points over gilts. Its five-year notes carried a coupon of 914 percent, compared with 914 percent for American

Brands and 9% percent for AmEx. Although interest rates on Euroyen are lower than even the Deutsche mark, the anticipated appreciation of the yen against the dollar as well as the EMS currencies appeals to some inves-

Three five-year Euroyen issues were floated last week, with Sweden issuing 50 billion yen and Banque Française du Commerce Exterieur and Austria's Kontrollbank each raising 25 billion yen. Sweden was priced to yield 4.7 percent and the others

Sources report that Sweden swapped just over half of the proceeds into floating-rate dollars at a cost of 45 basis points See EUROBONDS, Page 17

Currency Rates

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Saurces: Indusuez Bank (Brussels); Bonca Cammerciale (Ialiana (Milan); Bonave Nationale de Paris (Paris); Bank of Tokyo (Tokyo); UMF (SDR); BAH (dinor, riyot, dirham); Gosbank (ruble), Other data from Reuters and AP.

Last Week's Markets All figures are as of clase of trading Friday

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Can Democrats Face Hard Truth on Economy?

By Paul Blustein Washington Post Service
WASHINGTON — Michael Barker didn't last long in his most recent job -- eight months, to be exact. And therein lies an instruc-

In February, by "mutual agree-ment," Mr. Barker resigned as chief economist of the Democratic Leadership Council, an organization of moderate Democratic politicians. Young and head-strong, Mr. Barker, 36, had rubbed some of his colleagues the WIODE WAY.

But his real sin was to urge that the council - and the Democratic candidates in the 1988 campaign - focus on what he feels is the cold, hard truth about the

U.S. economy.

Americans face an inevitable, painful squeeze on their living standards in coming years be-cause of the massive U.S. trade and budget deficits, and Democrats had better start being honest about it, Mr. Barker says. But top council officials did not like Mr. Barker's approach and, after numerous arguments, he was sent

packing.
What happened to Mr. Barker is symptomatic of the way the economic issue is playing within the Democratic party.

As the Democrats head into the final stages of their presidential nomination process with the

New York primary Tuesday, many of the party's leading econ-

Michael S. Dukakis

....Likes 'micro' approach.

omists are saying that Democratic politicians are ignoring their advice and are dancing around the economy's central problem -America's pattern of consuming, borrowing and importing too much while producing, saving and exporting too little.

These economists complain that most Democratic politicians, instead of advancing policies such as tax increases that would deal fundamentally with the country's problems, are concentrating on flashy-sounding proposals for government to tinker with the inner workings of industry in ways that would improve U.S. economic performance only



Bruce BabbittTax hike idea hurt him.

modestly and might even be counter-productive. "The real economic problems of this country aren't sexy. We've been overspending. To do anything about that, you've got to do some painful things, including cutting consumption." said Charles L. Schultze, a Brookings

Institution scholar and the former chief economist to President Jimmy Carter. He added glumly: "Who the hell wants to campaign on that? The risk of failing to address

such issues, many analysts contend, is that the next president will be elected without a popular mandate to take the sorts of



Robert SolowReconciling two camps.

strong measures that are required. Michael S. Dukakis, in particular, "is not really building a consensus to do anything," said Frank Wykoff, an economics professor at Pomona College who specializes in the politics of economic issues

At stake is more than the old question of whether a Democratcandidate ought to endorse a big tax hike and risk suffering the electoral fate of Walter F. Mondale, the former vice president, or Bruce Babbitt, the former governor of Arizona. Behind the debate lies a basic disagreement

See DEMOCRATS, Page 16

Motorola's Chip Will Bolster **RISC Design**

By John Markoff

NEW YORK - Motorola Corp. s to introduce a powerful new microprocessor Monday, adding momentum to a process that experts say will dramatically lower the cost of computers while increasing their

power.
"We're entering the next technomics Murray logical breakpoint," says Murray Goldman, senior vice president and general manager of Motorola's Microprocessor Products Group in Austin, Texas.

Motorola is to announce that more than 20 companies are back-ing its 88000 RISC chip, including Data General, Stratus Computer Inc., Tektronix Inc. and Conver-

gent Technologies Inc.

Motorola's chip will compete
with those of several other companies that have begun using the reduced instruction set computer, or

RISC, approach. The new concept involves radically streamlining the microproces-sor, the heart of the personal computer and the driving force behind the electronics industry. By making a simpler but faster microprocessor, engineers are rejecting more

than two decades of design practice and seeking an alternative to the growing complexity of computers.

The RISC design approach elim-

inates many of the instructions built into the microprocessor and instead processes data by performing simpler steps repeatedly at faster speeds. The result is greater com-

puting power at lower costs.
RISC has quickly become the strategic tool for computer designers. Today every major U.S. com-puter maker has either introduced or endorsed a computer based on RISC or is developing a prototype. The RISC concept is a dual de-

sign approach. One aspect involves reducing and simplifying the number of data processing functions that a microprocessor — the famed computer-on-a-chip -- has built into its circuits. The other involves streamlining the execution of instructions performed by the electronic components embedded in the chip. By carefully tailoring the programs that tell the microprocessor what instructions to use, dramatic increases in computational

speed result. Desktop RISC-based machines from Sun Microsystems Inc. of Mountain View, California. and MIPS Computer Systems Inc. of Sunnyvale, California, now have more processing power than the most powerful minicomputer designs of several years ago.

The Motorola announcement follows introductions of RISC microprocessors and computers from companies such as Sun, MIPS. IBM, Intel Corp., Fairchild Semiconductor Corp., Advanced Micro Devices Inc., Hewlett-Packard Co., and Apollo Computer Inc.

Apple Computer Inc. and the Digital Equipment Corp. are two major computer companies that have not adopted RISC, but both have research projects under way.

Sun's SPARC chip has gained the endorsement of some computer makers, including American Telephone & Telegraph Co., Xerox Corp. and Unisys Corp., and some chip makers, including Fujitsu Ltd., Bipolar Integrated Technology, Cypress Semiconductor Corp. and LSI Logic Inc.

The standard industry measureis MIPS, or millions of instructions per second. DEC's VAX 11-780, which does not use RISC technology, is generally rated at 1 MIPS. The original Sun SPARC chip is rated at 10 MIPS, Motorola's rates its 88000 at 17 MIPS and a new version of MIPS Co reportedly reached 20 MIPS.

Galloping U.S. Data Suggest Urgency of Corraling Demand

By Carl Gewirtz

onal Herald Tribune PARIS - The vital signs of the U.S. economy, which appeared to fade last October, are now pulsing with a disquieting vigor.

This news, reflected in reports last week from Washington of strong retail sales, a rising trade deficit and sharply higher wholesale prices, exposed the danger that too much activity can be as harmful as too little.

The reaction of financial markets was menacing. The dollar came under sharp attack, requiring massive official intervention before it could be stabilized. Prices of dollar bonds tumbled, lifting market interest rates, and U.S. stock prices wobbled.

The events shattered the complacency that had set in following the narrow escape from financial crisis in October, and raised fears that a sickening replay was about to unfold.

Economists agree that corrective action is urgently needed. But the proposed remedy

kets is the level of domestic demand. U.S. retail sales in March rose 0.8 percent,

to the Transport and Communica-

A statement announcing the company's decision Friday said the

move would ease the reorganiza-tion of Mexico's air transport.

bankruptcy opens new and broader

avenues for the recovery of the

Mexican air transportation sys-

tem," the ministry said.

The decision will affect about 7,500 jobs at the airline, whose fi-

nancial situation has been deterio-

rating steadily. Government subsi-dies have averaged \$106 million

The ministry said that Aeromex-

ico's collapse resulted from a com-bination of a national economic

crisis, administrative problems and

The airline put 13 of its 45 jet aircraft, five DC-8s and eight DC-

9-15s, on sale earlier this month and cut back on domestic and in-ternational flights. Unions re-sponded Tuesday with the strike,

arguing that the cuts would cost up

to 3,500 jobs. The strike forced

Aeromexico to cancel all 223 of its

Aeroméxico shares domestic

routes with Compañia Mexicana de Aviación, or Mexicana, which is

58 percent owned by the govern-ment. Trading in Mexicana shares

annually in recent years.

union demands.

daily flights.

'Aeromexico's declaration of

tions Ministry.

After Strike, Aeroméxico

Declares Itself Bankrupt

Compiled by Our Staff From Disputches has been suspended pending the MEXICO CITY — The state air-company's expected sale to private

line Aeromexico has filed for bank-ruptcy after a four-day strike by ground staff that cost the company an estimated \$7 million, according about \$300 million. (Reuters, UPI)

Taiwan Says

Gold Reserves

Rise to Record

TAIPEI — Taiwan's gold reserves rose to a record of

9.88 million troy ounces at the

end of February, from 8.52

million in January and 5.58

million a year earlier, the cen-tral bank said Saturday.

A bank official attributed

The increased imports will

the increase to rising gold imports, mainly from the United

simply help reduce our foreign exchange holdings," he said.

Taiwan's foreign exchange re-serves have fallen to \$74.4 bil-lion from a record \$76.7 bil-

lion at the end of December.

bankers said the increase in

gold imports aimed to reduce

Taiwan's trade surplus with

the United States. The surplus shrank to \$1.97 billion in the first quarter of 1988 from

\$3.61 billion a year earlier.

But economists and foreign

States, since last October.

rising at a 2 percent rate this year, double the The key difference between Mr. Keating States at the present time, a sustained im-

ace of last year.

"Higher consumer demand," said Giles and other economists is his view on consumption provement in the foreign balance can be er demand. Mr. Keating believes the Federal achieved only through an appropriate reduc-"Higher consumer demand," said Giles er demand. Mr. Keating believes the Federal achieved only through an appropriate reduc-Keating, economist at Credit Suisse First Reserve's recent nudging up of overnight tion in domestic absorption," the fund said in its annual world economic outlook report.

lems, worsening trade, and weakness in the percent will be followed by a further nudge dollar, the Dow and dollar bonds."

percent will be followed by a further nudge to around 7 percent, and that this will be dollar, the Dow and dollar bonds."

to around 7 percent, and that this will be
The dollar did fall, and stock and bond
prices tumbled, following news that the U.S.

check.

'Higher consumer demand means widespread capacity problems, worsening trade, and weakness in the dollar, the Dow and dollar bonds.'

Giles Keating, economist at Credit Suisse First Boston

trade deficit grew in February to \$13.83 billion, easily \$2 billion higher than the worst figure most analysts had been projecting. It was the first big monthly increase since the record \$17.63 billion deficit in October.

— higher U.S. interest rates, a still lower value of the dollar, or a combination of the two — will work only if it succeeds in restoring confidence that a healthier economic who into the dollar, or a combination of the deficit resuming its climb to record highs. While they insist that one month's figures do not constitute a trend, most analysts believe environment is in the offing.

The "too much activity" troubling marwill be much slower than had been expected.

A minority view expressed by Mr. Keating, who forecast the increase, is that the about double what had been expected, and February number was a only "spike" up in analysts estimate that consumer spending is the midst of a continuing downtrend.

But the majority view is that the level of domestic demand is too high to permit tion for enough of a reduction in the U.S. trade opment. deficit to calm financial markets.

"The behavior of imports is very discouraging," said Brendan Brown, an economist the trade figures were released last week, with County NatWest. The expected improvement in the trade balance, he added, "is being held up by too strong a level of domestic desired."

When an economy is operating close to ful capacity, which is the case for the United

A meaningful decline in the trade deficit is an essential ingredient to restoring confi-dence. The fall is needed to offset the rising

interest payments made to foreign holders of U.S. government debt. These two elements are the major factors in the current-account deficit, which the United States must finance from sources outside the country.

The IMF's newest forecast puts the U.S. current-account deficit by the end of next year at \$134 billion —down \$26 billion from last year's record, but \$29 billion higher than projections in December by the Organization for Economic Cooperation and Devel-Private economists are less sanguine. Salo-

The fund warned of "adverse effects on Even the International Monetary Fund business and consumer confidence" if "fichided Washington on this issue last week. nancial markets again became concerned

See DEMAND, Page 17

This announcement appears as a matter of record only.

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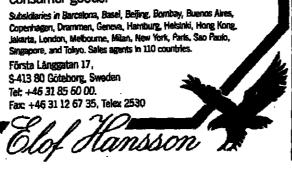
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March 18, 1988

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DEMOCRATS: Are the Party's Politicians Avoiding Hard Economic Truths?

over how to cure the economy's

The disagreement is between two camps that could be labeled "macto" and "micro." The macro camp consists of the mainstream Democratic economists typified by Mr. Schultze and his Brookings colleagues. Focusing on the big economic picture, they believe that the economy needs to be put back into balance with big, blunt policy in-struments — higher taxes, government spending cuts, a lower dollar. In contrast to Republican economists, this group strongly emphasizes the importance of a progres-sive tax system, and favors some

selective spending increases. The micro camp wants to see government get involved at a much lower level of economic detail, such as helping individual industries become more competitive — perhaps with limited protection from imports — or assistance in getting new technology to the marketplace. Many leading Democratic politi-cians, including Mr. Dukakis, govlean toward this camp. It includes a pose even worse pain. small group of economists, notably

ert Reich of Harvard. icize the administration's 1981 tax sion, or through policies which decuts, which they say fed a consum-liberately take us through a period er-spending bings that sucked in hundreds of billions of imports and generated huge trade and budget or another, it will happen." deficits. Both camps favor using

group that echoed many of the mainstream economists' views. He warned that America must take warned that America must take steps to live within its means and late February, Mr. Barker's bosses

30 30

American Exchange Options

Figures as of close of trading Friday.

Chicago Exchange Options

Figures as of close of trading Friday.

Apr

"The pattern of the past several Lester Thurow of the Massachu- years, where we were able to consetts Institute of Technology, and time to consume more and more public-policy experts such as Rob- ahead of our growth in production, will soon be rudely shattered," Mr. The two camps agree on a lot of Barker wrote. This could happen, things, of course: Both harshly crithe said, "through a serious reces-

Mr. Barker prescribed a painful government policy to promote fu- list of remedies, including raising ture-oriented investment spending, including education and research numerous popular tax breaks, cutnumerous popular tax breaks, cut-ting Social Security and other polit-But their divergent views can ical sacred cows, and allowing the lead to sharply different political dollar to fall further. He also urged messages — as the Barker case increasing spending on a few programs such as Head Start, roads During his brief tenure, Mr. and bridges and civilian research Barker drafted a manifesto for the and development.

should be."

The council emphasized the need for vastly improved education and worker training and called for "new and more collaborative relations between American managers and workers, more democracy in the work place." It also urged "gov-ernment-business partnerships designed to transfer technology from

Barker's complaints that Democratic capitalism, while harmless, failed to confront the basic issues. "We're convinced that the competitive crisis is not just a reflection of broad macro trends," said its po-licy director, Will Marshall. "A licy director, Will Marshall. new global economy requires an emphasis on people and their abili-ty to add value to products; that's where we think the focus of policy

Puts

the lab to the factory or office."

(Continued from first finance page) ernor of Massachusetts, and Gov- improve its productive potential scrapped much of his rhetoric — It did acknowledge the need for over how to cure the economy's ernor Mario Cuomo of New York, lest a financial-market disaster im- especially the gloomy parts — and budget cuts and tax hikes similar to It did acknowledge the need for replaced it with a proposal for those that Mr. Barker advocated, "Democratic capitalism, a new eco-so in a sense it straddled the fence nomic compact, between business, between the macro and micro labor, government and the educa- camps. Many Democratic politicians appear to be planted firmly on the micro side.

Mr. Dukakis is especially fond of "public-private partnerships" aimed at providing a limited dose of government aid to help troubled regions and industries get back on their feet. In a recent speech, he declared: "I'll work with the states to help small and medium-sized ses find new opportunities Council officials rejected Mr. to sell their products overseas and create new jobs.

"And I'll help basic industries to rebuild and retool," he continued. Not by building walls around them. Instead, we ought to say to industries that are in trouble: We'll provide you with some pro-tection for a limited period of time, if you agree in advance to use that time to invest and modernize and become more efficient."

Meanwhile, one of Mr. Dukakis's opponents for the Democratic nomination, Senator Albert Gore Jr. of Tennessee, recently adopted a version of the council's "Democratic capitalism." In a speech, Mr. Gore demanded that companies give workers "more say about the way their business is run," and he added that corporations should not be allowed to deduct bonuses for executives unless they offer similar pay for all employees.

lip service, at least, to the impor-tance of cutting the budget deficit.

But many economists scoff at what they regard as the candidates' tortured efforts to avoid fiscal pain, such as Mr. Dukakis's pledge to increase revenue by better enforcement of the tax laws and Mr. Gore's assertion that a huge \$40 billion could be saved from government health-care programs by eliminating unnecessary medical

- known as industrial policy would be a monster," said Pomona's Mr. Wykoff. "Economists believe this sort of thing would ossify the system, and make it more difficult to deal with international chal-

Robert Solow, a Nobel Prize mortgage securities, capital mar-winner and MIT economist, said kets and finance. that Democratic politicians should "The departure hurts them in an ciates who have joined the exodus. bridge the gap between the two area that's probably significantly First Boston's earnings tumbled

Texaco Aims to Raise Share Price

It Acts on Dividend, Asset Sale Ahead of June Showdown

By Donald Woutat

Las Angeles Times Service

Tax

LOS ANGELES - Texaco Inc.'s board, by raising the stakes in its restructuring plan and restoring the \$3 per share annual dividend, apparently hopes to drive up the price of its stock before an emission of the st the price of its stock before an expected power struggle at the June 7 annual meeting.

Barely a week out of bankruptcy, Texaco said Friday that it would sell at least \$5 billion in assets compared to the previous goal of \$3

It suggested that it would use some of the proceeds to make a spread industry rumors that its ex-significant" repurchase of its tensive negotiations with Saudi

The actions at Texaco's first board meeting since emerging from bankruptcy on April 7 boosted the share price \$1.75 to \$48.625 per would demand concrete action before committing themselves to support the share price \$1.75 to \$48.625 per some string themselves to support the support themselves the support share and placed the company on fore committing themselves to supthe most-active list on the New port Texaco management over the York Stock Exchange, where \$175 corporate raider, Carl C. Icahn,

was barred from paying while in Chapter 11 proceedings. Some analysts were mildly sur-

prised that Texaco resumed the full 75-cent quarterly dividend, howev-

confidence in the company.

The pressure of time also figured in Texaco's actions, said George Friesen, oil analyst at Dean Witter in New York.

Texaco's failure so far to nail down the sale of parts of three refineries in Texas, Louisiana and Delaware has prompted wide-Arabia, considered the most likely

buyer, have broken off. While Mr. Friesen discounted million worth of its stock changed and others who might join forces with him.

The company had been expected to restore the dividend, which it some time, but I think they also have to announce one major asset sale before the annual meeting." said Mr. Friesen.

Mr. Icahn, who now owns 14.8 percent of Texaco's stock, has proposed a slate of five nominees to

Texaco's 14-member board, to be elected at the annual meeting. The combined holdings of Mr. Icahn, the leveraged-buyout spe-cialists Kohlburg, Kravis, Roberts

& Co., and institutional investors exceed 50 percent of the outstanding Texaco shares.
"Management has got to prove itself and persuade shareholders that, coming out of this Pennzoil fiasco, it will be a viable company," said Rosario Ilaqua, analyst at Nik-

ko Securities in New York. Texaco got into trouble when it shouldered aside Pennzoil in acquiring Getty Oil Co. in 1984. nring Getty Oil Co. in 1984.
Pennzoil subsequently won as \$10.3 billion damage award that drove Texaco into bankruptcy before the companies recently settled out of court for \$3 billion.

Texaco offered no specifics on what additional assets might be for sale under its broadened restructuring plan.

Previously, it had acknowledged active efforts to sell half interests in the three refineries, its West Ger-man subsidiary, and 60 million batrels of scattered U.S. oil reserves. Texaco Canada, 78 percent owned by Texaco, is another possibility.

Mr. Friesen speculated that the

stepped up sales effort raised the possibility of selling Texaco Chem. ical Co., a minor piece of Texaco but one that could bring a "presid-um price" in today's climate of high profits in the chemicals industry. The resumption of dividends at a substantial rate demonstrates

Texaco's confidence that this expanded restructuring will enable us to build a more profitable company on a solid core of our most produc tive assets," said James W. Kinnear, Texaco's chief executive and Jeronio Dom

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He said that proceeds would go toward reducing debt, funding "high-potential capital projects," and "supporting other actions un-der study, such as a significant share buyback, based on market

Autolatina's 1987 Loss In Brazil Is \$223 Million

SAO PAULO — Autolatina SA, the largest automaker in South America, has reported a \$223 million loss for its Brazilian operations in 1987.

7 Are Leaving First Boston ray for all employees. To be sure, all the candidates pay To Found a Buyout Rival NEW YORK - Seven execu- First Boston's investment banking tives who have played a leading operations, said Friday that the role in First Boston Corp.'s lever- bank still planned to expand its aged buyout business, including commitment to merchant banking two managing directors, are leaving and would transfer executives with to set up a competing firm, First management buyout experience to

the buyout group.

Mr. Maher also said that First Boston said. Their departures are the latest in

talent drain at the influential Wall Street firm this year. By itself, ties to work with the departing exthe exodus would be a blow to one ecutives, who include Arthur J. Naprocedures.

To a vast majority of economists, even Democrats, such deep government intervention in the economy known as industrial policy of the departures of Bruce Wasser-group. stein and Joseph R. Perella, the The general partners of the new former co-heads of investment firm, which has not yet been banking at First Boston, who have named, will be Mr. Nagle, Mr. formed their own firm, and the de- O'Connell and two First Boston partures of top executives in such vice presidents who have worked operations as mergers and acquisi- with them, James P. Kelley and tions, international operations, Norman W. Alpert. Robert L.

camps by "accentuating the posimore profitable than other parts of last year, to \$108.9 million, from tive — the rewards that will come the firm," said Paul H. Baastad, \$180.6 million in 1986. Furtherfrom shifting the United States who follows First Boston's stock more, nearly half of the 1987 proffrom a consumption-oriented for S.G. Warburg & Co. "Clearly its resulted from a one-time gain economy to an investment-oriented the political environment remains from the sale of the headquarters

The general partners of the new Rosner, Prakash A. Melwani and

First Boston's earnings tumbled

Sander Levy are the three asso-

Boston was considering opportuni-

The loss, announced Friday, was substantially greater than the 1986 loss of \$78 million.

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1993 4% 101% 99,85 Noncollable, Fees 1%%.

Aus\$ 50 1993 121/2 101% 100,00 Noncellable, Fees 2%

Aus\$ 75 1991 12% 1011/2 99.75 Nancollable, Fees 11/2.

Y 25,000 1993 4% 101% 99.40 Noncolloble Fees 19%.

Y 50,000 1993 4% 1011/2 99.75 Noncollable. Fees 1%%.

4% 100

1993 open 100

1993 open 100

\$ 150 1993 4%

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\$ 60 1993 4% 100

12½ 101½ 100.00 Noncolloble Fees 19%

100.13 Nancallable, Fees 2%.

99.50 Conventible into company's shares at \$18.56 per share, a 16% pramium. Redeemable in 1995 at 149.13%. Fees 24%.

105.00 Noncollable. Each \$5,000 note with one warrant exercisable

102.75 Coupon indicated at 49%. Noncollable. Each \$5,000 nate

103.00 Coupon indicated at 4½%. Noncollable, Each \$5,000 nate with one warrant exercisable into company's shares at an expected 2½% premium. Fees 1½%. Terms to be set April 19,

107.00 Noncollable. Each \$5,000 note with one warrant exercisable

103.75 Coupon indicated at 49%. Noncaliable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 29% premium. Fees 24%. Terms to be set April 20.

103.75 Noncollable. Each \$5,000 note with one warrant exercisable

106.50 Noncollable, Each \$5,000 note with one warrant exercisable

yen per shore, Fees 2%%.

\$ 300 1993 open 100 , 105.75 Coupon indicated at 49%, Noncollable, Each \$5,000 note

\$ 120 1993 41/6 100 105.00 Noncollable. Each \$5,000 note with one warrant exercisable

into company's shares at 5,638 yen per share and at 126.75 yen per dollar, Fees 24%.

with one warrant exercisable into company's shares at an expected 25% premium. Fees 25%. Terms to be set April 19.

Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 798 yen per share and at 126.75

into company's shares at 1,733 year per share and at 1,26.75 year per dallar. Fees 24%.

into company's shares at 900 yen per share and at 127.25 yen per dollar. Feet 24%.

with one warrant exercisable into company's shares at an expected 25% premium. Fees 25%, Terms to be set April 18.

into company's shares at 981 yen per share and at 127,60 yen per dollar. Fees 25/%.

Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 981 year per share and at 127.60 year per dollar. Fees 24%.

Each E990 band convertible into one company bears share at 2,561 Swiss Francs per share, a 9,44% premium. Redeem-able in 1973 at par. Fees 259%.

issuer

Residential Property

Securities No. 3

KB Int I.

Book

Borek

Denmark

Bank

Paris .

of Australia

Landesbank

Austroha

Australia

Australia

indosuez Australia

Rheinland-Pfalz Int'l

Société Générale

Toronto Dominion

Unilever Australia

Toronto Dominion

Banque Française du

Commerce Extérieur

Desterreichische

EQUITY-LINKED

Kontrollbank

Futaba Corp.

Kobe Electric Railway

Mitsubishi Poper Mills

Nihon Kohden

Riken Vinyl Industry

Sekisui Chemical

Malaysia

FIXED-COUPON

European Community

Japan Development

American Brands

American Express

Overseos Credit

Wit Bonk Int'l ...

Nordic Investment

Nordic investment

European Investment

Commerzbank

Overseas Finance

Commonwealth Bank

PLOATING RATE NOTES

Management has go up.

Management has go up.

f and persuade shade.

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Rosario Haqua, analysis

Secrutities in Very York

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3.3 billion damage avail
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t of court for \$3 billion
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ring plan.
Previously, it had acknowled Previously. If had administ tive efforts to sell half ment of three refunctions. It was an subsidiary, and 60 minutes as of scottered U.S. of the exaco Canada. 78 percusars of Texaco, is another measure. y Texaco, is another position.

Mr. Frieser speculated the tepped up sales effort and cossibility of seiling ferrors at Co. 2 minor piece of the set one that could bring a price in today's climated at the chemicals admit the resumption of disk. The resumption of drifts

1 substantial rate desire
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Autolatina's 1987 la In Brazil Is \$223 18.

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Contract. SAC PAULO - Automot

SUPPLEATED A TELETIFIED ROSS OF \$7 to miles.

Showa Aluminum Toisei Corp. 1 (2/4) 1 (4/4) inspectorate int'i

EUROBONDS: More Bad News for Dollar Sector have swapped less than half into dollars at terms slightly less attractive, while BFCE swapped into marks.-

Competitors said the lead man-gers provided the swaps at substamusi costs to themselves.

There was scant demand for last week's two DM issues. Japan Development Bank, benefiting from

the rarity value of Japanese government credits in the market, set a compon of 5% percent on its sevenyear bonds. Trading at 99.7 at endweek, the paper yielded 5.42 per-Malaysia also sold seven-year

paper, but this was mostly aimed at banks and institutional investors. ers' equity strategy advice: It would

than it has on previous occasions.

5 100

In the ever-popular equitylinked market, Japanese issuers continue to cut coupons without having much effect on the premium prices at which the paper is traded. Coupons last week notched down to 4% percent, but the bonds traded

at premiums of around 106. Analysts calculate that a belowmarket coupon of 41/2 percent adds about 21 percent to the cost of the equity warrant and the pricing at 106 raises the premium to 27 percent — a level that some analysts consider the realistic maximum.

Worth noting is Salomon Broth-

(Continued from first finance page)
While its 6 percent coupon was a put 45 percent of equity holdings substantially higher yield than on other sovereign paper, Malaysia cent in U.S. shares. The firm befored rate. OKB was believed to paid less of a premium on this issue lieves strong corporate earnings, at least in certain sectors, will buoy stock prices regardless of a likely rise in interest rates in both mar-

> Salomon especially likes Japanese pharmacenticals, semiconductor producers and companies likely to benefit from the boom in capital investment; Mitsubishi Heavy, Yokogawa, Fanuc and Komatsu.

Salomon said that the export boom under way in the United States makes the manufacturing sector a particularly attractive investment. He said that exports are likely to continue to improve even if there is an economic slowdown in

For Hungary, Tighter Loan Terms

By Carl Gewirtz utional Herald Tribune

PARIS - Hungary, which reportedly is close to arranging a \$350 million standby loan from the International Monetary Fund in Exchange for tighter control over its budget deficit, entered the international credit market last week seeking \$200 million.

Reflecting creditors' concern about a continuing steep rise in Hungary's foreign debt and domestic economic problems, the terms on the loan represent a substantial tightening over what the country paid last year.

The borrowing charge is set at 1/2 point over the London interbank offered rate for the first five years, rising to % point over Libor for the final three years.

In 1987, Hungary paid ¼ point over Libor for an identical sum,

The mandate to arrange the new transaction was given to seven banks, of which three are Japanese. The arrangers are Arab Banking ates in a sector in which interna-Corp., Bank of Tokyo, Creditan-stalt of Vienna, Dai-Ichi Kangyo, Deutsche Bank, First Chicago and Industrial Bank of Japan.

basis points for lead managers underwriting \$10 million or more. CDF-Chimie, the French stateowned chemical company, named

Banque Nationale de Paris to ar-INTERNATIONAL CREDIT

range a multi-option facility of 1 billion French francs. The facility will run for five years

and underwriters will be paid an annual fee of 614 basis points. This rises an additional 5 basis points if more than half the amount is actually drawn.

The charge to borrow in francs is set at 12½ basis points over the Paris interbank rate. Drawings in other currencies will cost 71/2 basis points over Libor. Banks underwriting 120 million francs or more will be paid a front-end fee of 6 basis points.

The cost structure was criticized by other bankers, who complained asid % point over Libor for a loan that the charges did not adequately reflect what they called the "freeile" financial condition of the company. The company does not carry a direct state guarantee and opertional competition is intense after the depreciation of the dollar.

Euromarché, the food store chain is tapping the market for 700 for Wyse Technology. Details on Front-end fees range up to 60 million francs. This will be a five-

The property of the same of th

year facility, extendable to seven years, carrying an annual fee for underwriters of 10 basis points.

Asarco, the U.S. mining company, is seeking a \$200 million credit for five years. The company is rated BAA-2 by Moody's and triple-B by Standard & Poor. Under these con-tend to regard it as a valuable ally ditions, it will pay a commitment in their own battles to establish the fee of 3/16 percent on any un-marketplace - rather than the drawn amounts and a margin of % point over Libor for drawing up to \$100 million and 1/2 point over Libor for using more than that.

However, if S&P upgrades Asarco's credit standing by two notches to double B plus, the commitment fee will fall to 1/2 percent and the drawing charge will be 1/2 point over Libor for the entire amount, said Credit Suisse First Boston, which is arranging the loan.

CSFB also put into the market: • A \$150 million, five-year loan for Kerr McGee, the U.S. oil and gas exploration company. Banks will be paid a commitment fee of 10 basis points on any undrawn amounts and 25 basis points over Libor for lending up to half the total and 35 basis points for more than that.

A \$100 million, three-year loan

لمكذا من ألاصل Salomon Blames Index Funds in Dow's Drop Last Thursday

By Anise C. Wallace

New York Times Service
NEW YORK -- One of the largest U.S. stock index arbitrage trading firms has blamed stock-index fund managers for almost half of the steep decline in the Dow Jones industrial average on Thursday.

Salomon Brothers, an active index arbitrage trader, asserted Friday that the Dow would have declined only 58 points on Thursday instead of 101.46 points if index funds had not sold stock to rebalance their portfolios.

But some experts immediately disputed that argument and said that Salomon was trying to deflect attention from its own trading role in the market decline.

Stock index arbitrage traders seek to lock in a profit by buying futures contracts on the Standard & Poor's 500-stock index and selling an equivalent amount of stocks, or vice versa. Managers of stock index funds try to mimic the performance of the index by weighting a portfolio of the same stocks exactly as the index itself is gauged.

action to deal with the imbal-

That appeared to be happening

ter the trade figures were an-

nounced, triggering very heavy concerted intervention by central

banks. Even so, the dollar ended

the week sharply lower — at 123.95

from a mid-week high of 1,6929.

with the Dow Jones industrial aver-

age down 76.26 points for the week.

verely affected - first by fears that

the dollar's fall would further dis-

courage foreign investors from

buying dollar securities, causing in-

terest rates to rise - and then by

the news that the pace of inflation

The inflation concern came to the fore on Friday when Washing-

ton reported that wholesale prices

in March rose 0.6 percent, the big-

gest monthly increase since April 1987. By the end of the week, de-

clining bond prices had pushed the

yield on long-term Treasury bonds

up to 8.94 percent from 8.68 per-

Salomon Brothers warned in a

was quickening.

cent a week earlier.

U.S. stock prices also fell but

ended above the week's worst level, dollar.

ances.

last week.

The addition of three stocks with a total

DEMAND: Still Galloping in U.S.

and other markets to widen.

there is no hope of that in the seven

Some analysts, such as Lawrence

most of the burden for redressing

said that the February trade figures

demonstrate that the desired ad-

"There was a substantial, across-

justment is under way.

instruments into play.

around 6 percent," he said.

market value of \$11.8 billion to the S&P 500 index on Wednesday night to replace three smaller stocks, whose market value was only \$600 million, caused a shift in the market weightings of some of the largest stocks in

As a result, some managers of the estimated \$150 billion in index funds were forced to sell shares of the largest Dow issues to insure that their portfolios were weighted to match the index. Salomon said.

mon's analysis, which was issued in a news trillions of dollars is being affected by a few hundred million dollars is really absurd." said Jeffrey L. Skelton, vice chairman of Wells Fargo Investment Advisor, which oversees \$35 billion in index fund accounts for pension funds.

"Chasing stocks" to rebalance the portfolio immediately "isn't the way real index funds operate," he added. Managers often wait days or even a week before they rebalance their funds, he said.

the index, Salomon Brothers pointed out.

But index (und managers and brokers who trade with them vigorously disputed Salorelease. "To say that an entire market of

evidence of portfolio rebalancing Thursday. was not entirely completed, which could Other traders, however, agreed that the mean even more selling. change in the index could have touched off index fund selling. But they speculated that Salomon was trying to shift attention from

is role as an index arbitrage trader.

Selling of stock connected to stock index selling that occurred in Thursday's market. its role as an index arbitrage trader. arbitrage has been blamed for Thursday's should have only been down 58 points." price drop because stock-index arbitrage traders at New York Stock Exchange member firms continued to execute orders manually after the Dow was down 50 points. The exchange bans use of its automated trading system for index-related trades when the Dow moves up or down 50 points in one day.

Laszlo Birinyi Jr., director of Salomon's equity market analysis, defended the firm's interpretation. He said index funds ultimatey would have to sell \$900 million worth of S&P stocks to bring their portfolios back in line with the index.

actual selling took place on Thursday and bank and Roper Corp.

One broker who trades almost exclusively how much remained to be accomplished. But with index funds said he saw very little he said he felt that the portfolio realignment

Salomon's news release said that based on "complex calculations," Mr. Birinyi and Keith Miller, a research analyst, concluded

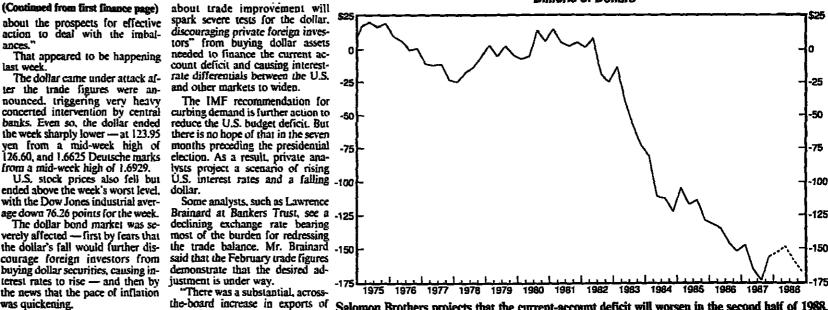
Mr. Birinyi estimated that the change in the index meant that index funds would have to sell 279,885 shares of International Business Machines, 646,330 of Exxon, 503,266 of American Telephone & Telegraph, 429,019 of General Electric and 125,627 shares of Royal Dutch/Shell Group.

Such "marginal" selling in an illiquid market would intensify the pressure in a declining market. Mr. Birinyi said.

The three stocks that were added to the index were Security Pacific, PNC Financial Corp. and General Re. Those removed were He added that he did not know how much Financial Corp. of America, First Republic-

U.S. Current Account Balance

Billions of Dollars



Salomon Brothers projects that the current-account deficit will worsen in the second half of 1988.

The view at Salomon Brothers is They are also projecting a further 10 percent appreciation of the some further weakening of the dolyen, 10 a range of 110 to 115 per lar immediately ahead, they do not that market forces - rising U.S. inflation, overheated output and a weakening dollar - will call both Its analysis see at least a halfcent rise in the Deutsche mark to point increase in the Federal Re-1.50 to 1.55 per dollar, as well as an with Paribas, said he expected serve's current 6 percent discount 8 to 9 percent climb in the guilder higher U.S. interest rates and subrate, possibly two, before year-end and the Swiss franc; and a climb of stantial central bank intervention -despite the oncoming election - 7 percent for the British pound, the to succeed in restraining the dol-

dollar by year-end; an 8 to 9 per- expect a full-blown crisis this year. Michel Develle, an economist report issued last week that "rising as the yield on long-term Treasury French franc and the European lar's slide to about 120 yen and 1.60 inflation and disappointment bonds hits 10 percent by year-end. currency unit.

So the trade deficit will stay high.

But too sharp a fall in the dollar,

news for everyone, not just the

United States. It would also be in-

ion, which would be bad

The critical period, in his view, will come in March 1989, when the U.S. commission set up to study the budget deficit is due to report. Unless the new president acts immediately to implement substantial cuts, there will be a major crisis in the exchange market, Mr. Develle

Pressure on the dollar then could drive it down to 100 year, he warns

MARKETS: To Jumpy Traders, Good U.S. Economic News Looks Bad

(Continued from Page 1) growth of more than 3 percent this year, against well under 2 percent

in November. "For the first couple of months the same time, the labor shortage after the crash nobody was buying pushes wage demands up, he said, new BMWs. Now they are," said and "that means higher inflation." new BMWs. Now they are, sand Mr. Horne said that capacity nur-Mr. Kurz, citing a popular Wall Mr. Horne said that capacity nur-Street prosperity indicator. But, he lization was particularly high in what he calls "the dollar sector," like the robust economy."

has brought both manufacturing to compete with imports. capacity. If it continues, "the econ- lar, which has made U.S. goods rates up to combat the expected omy will be bumping up against its capacity limits," said Patrick Foley, the deputy chief economist at pacity, against 82 to 83 percent for Looked at another way, the news Lloyds Bank in London.

"If companies are selling as

(Continued from Page 1)

informal Polish program will lead to an IMF standby loan and a re-

structuring program over several

years from next year, officials say.

The three new programs are the first the IMF has handled in the

region since Yugoslavia ended its

standby program two years ago.

mitment the agency has yet made

to Eastern Europe's debt problems. Hungary, Poland and Yugoslavia

have struggled with heavy debt since 1981 and owe a total of \$72

In treating the East European

economies, IMF officials are gener-

ally prescribing a familiar diet of

austerity measures meant to im-

prove payment balances. Typical

features of the new programs are

cuts in government budget deficits.

higher interest rates and steady de-

valuations. At the same time, how-

ever, the IMF measures appear likely to play an important role in

recent moves by all three countries

toward far-reaching reforms of

In that sense, the Western-based

financial agency is emerging as an

active ally of liberal reformers

within the East European countries

who are serving as both model and

vanguard for economic change un-

der the Soviet leader. Mikhail S.

Gorbachev. East bloc ministers

Treasury Bonds

April 15
Close Wik-090
Micharity Bid Ask Yield Yield
31,12,89 99.22 99.22 7.56 7.44
15,11.90 98.22 99 12.22 7.78 7.63
31,12,91 99.22 99.22 2.58
15,02,93 97.22 99.22 8.04
15,02,93 97.22 97.22 8.21
15,19,5 99.22 97.22 8.23
15,11,97 95.22 97.22 8.24 8.49
15,208 103.122 103.122 8.97 8.72
15,208 103.122 103.122 8.97 8.72
15,208 103.122 103.122 8.97 8.72
15,208 103.122 103.122 8.97 8.72
15,208 103.122 103.122 8.97 8.72

U.S. Consumer Rates

Home Martagos, FHLB average 10.34 %

April 15

42%

567%

Source: Salaman Inc.

Tax Exempt Bonds' Bond Buyer 38-Band Index

Massy Market Funds Domphas's 7-Day Average

Bank Money Market Accounts

Source : New York Times.

their socialist economies.

billion abroad.

and they represent the largest com-

much as they can produce, and can put prices up, profits go up and there is no great incentive to keep wages down," Mr. Foley said. At

the part of the economy that pro-The unexpectedly strong growth duces exports and goods designed

IMF: Moving Toward Major Role in Eastern Europe

"The reason for our deeper coop-

eration with the IMF is not based

on credits," Bazyli Samoilik, Po-

land's minister of finance, said in a

recent interview. "What is useful is

the cooperation on policies and the

confirmation by the IMF of the

correctness of our measures. In our

million, one-year program with the

without subsidies or shutdown.

gram, the most advanced in the

Soviet bloc.

certain steps are necessary.

recession had pitched their infla- exports, or produce more Amerition forecasts very low. The change can goods to compete with the imin expectations will be even greater ports. if oil and commodity prices continue to rise, Mr. Horne points out.

What that means is higher intermarkets will conclude that the curest rates. Lenders will demand a rency still has not dropped far

bigger return on their money to enough to make the United States protect themselves from future in-competitive. flation. At the same time, many people on Wall Street believe, the it is feared, could trigger a world NZ & MES THE STATE IT IS FEARER THE STATE OF STAT Federal Reserve will push interest

the economy as a whole, he says. doesn't get any better. Strong U.S. All of this means a big jump in growth sucks in imports. With the

functioning market.

In Yugoslavia, where the combi-

nation of a weak federal govern-

ment and bitter rivalries between

sures may favor suppressing infla-

people keep buying more expensive. So the Fed would also be tempted to raise interest rates.

making dollar assets more attractive, to stop it falling too far. But higher interest rates would put the brakes on the U.S. econo-Communist Party apparatus — as experts said. Though the nominal goal of the fund is payments balmy, and the feared recession, or at

any rate a slowdown, would be back in the cards. ance, the measures it recommends, In Wall Street's current fragile like cuts in subsidies, often coinstate, Mr. Home said, "interestcide with the steps necessary in

rate rises are now seen as a greater communist countries to create a danger than slower growth in cor porate profits" resulting from a Liber Rates weak economy. Veering in their predictions be-

tween inflation and recession, market analysts are searching for evisituation the arguments of the IMF six constituent republics has rencan be used to persuade people that dered useless repeated efforts to ket analysts are searching for evihalt 150 percent inflation, the govdence to confirm one or the other ernment of Prime Minister Branko In Hungary, where officials are reported close to finalizing a \$350 a necessary evil. scenario. But as both outcomes are bad, any news that fits either picture must also be bad. Some Western experts pointed IMF, a pledge by the government out that IMF measures were not "If you believe that things are to the agency to cut the budget always consistent with the ideals of deficit from 35 billion forints (\$760 Soviet bloc restructuring, or peres-

going to go wrong," Mr. Kurz said, you want the market to confirm it to show that you are intelligent and clever. There is greater drama in a trade deficit approaching \$14 biltion than one of \$10 billion. Then you can say to yourself. 'Aha. everything's coming apart again."

The only thing that would not be Moreover, the implicit alliance key test of Hungary's reform probad news, almost everyone agrees, is stability, both for the U.S. econobloc reformers has not saved the my and the dollar. That, however, fund from arduous negotiations Hungary's case also shows how with governments over the new would hardly qualify as news. For the time being, it seems, the only good news would be no news. the IMF's priorities and those of programs or from attendant politi-

Euromarts At a Glance inflation expectations, particularly "dollar sector" close to full capacibecause those who were forecasting ty, it will be harder to increase

Aor., 9.20 9.15 9.22 9.30 9.26 7.74 9.86 12.53 14.50 U.S. S., int'l liest., 8 yrs & over public issuers, 8 yrs & over office issuers, 8 yrs & over other issuers, 5 to 7 yrs Pounds sterling, 5 to 7 yrs Prench francs, less thom 5 yrs ECU, 8 yrs & over

4.84 Source: Luxen flationary, by making the imports | Weekly Sales 8 Mons 5 Mons 196.80 1,426.40 1,522.29 2,477.10 13.50 0.19 --- 379.60 1,522.40 1,487.50 542.30 1,244.70 1,822.40 1,487.78 2,427.30

Cadeí S Nons S Nons 4,175,50 7,227,10 7,549,90 8,649,36 279.00 408.20 959.00 533.50 80276 1,014.60 4,342.00 1,372.70 1,296.40 196.10 2,254.20 347.70 6.553.40 8,696.20 15.005.10 10,963.20

Source: Euroclear, Cedel. é-meath à 15/1é

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Tel: 021/27 38 33 LEICOM

20, boulevard Emmanuel Servais

Notice is hereby given that the

ANNUAL GENERAL MEETING

of the shareholders of LEICOM FUND will be held at the registered office at 3:30 p.m. on April 25, 1988 with the following agenda 1. Approval of the reports of the Board of Directors and of the

Reviseur d'Entreprises (External Auditor).

Approval of the balance sheet and profit and loss account for the year ended December 31, 1987. Allocation of the net results.

Discharge to the Directors and the Réviseur d'Entreprises (External Auditor) for the proper performance of their duties during the year ended December 31, 1987.

Election of Directors and the Réviseur d'Entreprises (External during the year ended December 31, 1987.

nal Auditor). 6. Miscellaneous.

Resolutions of the shareholders will be passed at a simple majority of those present and voting, and each share is entitled to one vote. A shareholder may act at any meeting by proxy. In order to participate in the above meeting the owners of bearer shares shall have to deposit their shares five business days before the meeting at the registered office of LEICOM FUND or with a bank acceptable to LEICOM FUND.

On behalf of the Company, BANQUE PRIVEE EDMOND ROTHSCHILD S.A.

Luxembourg Branch 20, boulevard Emmanuel Servais 2535 Luxembourg

PRI/TECH Siège social : Luxembourg

million) in 1987 to 20 billion forints troika. To create an economic mar-

this year could be a key reinforce ketplace, for example, most bloc

ment in the drive to force state countries have had to accept a

companies to operate profitably surge of inflation, but IMF mea-

That painful and politically sensition over sustaining the market tive task is widely regarded as the

20, boulevard Emmanuel Servais R.C. Luxembourg B. 20566

Messieurs les actionnaires sont convoqués à l'Assemblée Générale Annuelle des actionnaires de PRI/TECH qui se tiendra au siège social à 14 h 30, le 25 avril 1988 et qui délibérera sur l'ordre du jour suivant :

a) Rapport du Conseil d'Administration.

the reformers are entwined, several cal controversy.

6) Rapport du réviseur d'entreprises.
c) Adoption du bilan et du compte de pertes et profits au 31 décembre 1987. d) Affectation du résultat de l'exercice. Décharge au réviseur d'entreprises et aux adminis-

A Réélection du réviseur d'entreprises. g) Divers. Les résolutions des actionnaires lors de l'Assemblée Générale Annuelle

seront votées à une majorité simple des actionnaires présents et votants. chaque action ayant un droit de vote. Tout actionnaire peut voter par mandataire. Afin de participer à cette assemblée, les propriétaires d'actions au porteur

devront déposer leurs actions cinq jours ouvrables avant l'assemblée au siège social de PRI/TECH ou auprès d'une baoque acceptable par PRI/-Pour la Société BANQUE PRIVÉE EDMOND DE ROTHSCHILD S.A.

Succursale de Lexembourg 20, boulevard Emmanuel Servais 2535 LUXEMBOURG

SPORTS

ACROSS 1 Shadowbox 5 Dunces

10 Asian nanny 14 Kind of duck 15 Gallagher's vaudeville partner
• 16 Comedian Jay

17 Ballplayer Amos 18 inasmuch as 19 Famed suffragette 20 Call it quits 23 Captains

24 Wasa candidate 25 Demonstrated 28 Petered out 33 Bathes 34 Auctioneer's warning

records

35 A feast famine 36 Elderly 37 Fetch 38 Serve the

39 Buddhist sect 40 Set straight 41 Something worthles:

45 Mailing stations: Abbr. 46 Oil cartel 47 Speaks the unvarnished truth 55 Medicinal

13 "The -

21 Troubles

players 38 Head off

40 To me: Fr.

námmal

22 Spicy taste

Baltimore," Wilson play

25 Shopping mall 26 Spreads unchecked plant 56 Overact 27 Hot spots 57 Not new 28 Busy 58 Brewer's need 29 Port or sherrs 59 Moon or Spoon 30 Shavetail 31 Explode 32 Takes a risk 60 Another kind of duck 61 Clumsy boats 34 Beam 37 Banes of tennis 63 Hard to handle

DOWN 41 Quakers' pronoun 43 Disturbs 1 Kind of 44 Giobe or bali 2 Footway 46 Aquatic 4 Made a 47 Tibetan priest decision 5 Designate 6 Climbs, in a 48 Winged 49 Main part of an way 7 Dispatched

egg 50 Leave out 8 Anagram for 51 Popular PBS show 52 "Got it!" 9 Disdainful 10 Nutty flavoring Patricia 54 Arnold, the

12 Create a pol C New York Times, edited by Eugene Maleska.

SIDELINES

TOKYO (AP) — American John McEnroe, winning for the first time in a year and a half and playing in his first tennis tournament in seven months, trounced Stefan Edberg of Sweden in Sunday's final of the Japan Open. Currently ranked No. 25 in the world after reigning as No. 1 from 1981-84, McEnroe was a convincing 6-2, 6-2 winner over Edberg, seeded first here and

ranked third worldwide. It was McEnroe's first appearance in a tournament since he reached the quarterfinals at the 1987 U.S. Open. His last tournament victory came in Scottsdale, Arizona, in October 1986. The winner of seven grand slam titles had been sidelined recently because of a back injury and a suspension for abusive on-court

Ethiopian Sets Marathon Record of 2.06:50

ROTTERDAM (AP) — Ethiopian Belaney Densimo set a world record in winning a marathon here Standay, covering the 42.195 kilometers (26 miles, 385 yards) in 2 hours, 6 minutes and 50 seconds. Densimo, 31, bettered the mark of 207:12 set by Carlos Lopes of Portugal in the 1985 Rotterdam race.

Meanwhile, Henryk Jorgensen of Denmark (2.10:20) and Ingrid Kristiansen of

Norway (2:25.41) won the men's and women's divisions of the London Marathon. Couples Ahead of Frost by 1 in Heritage Golf

HILTON HEAD ISLAND, South Carolina (AP) — Fred Couples shot a 3-under-par 68 to hold off South African David Frost and take a one-shot lead after

Saturday's third round of the Heritage Classic golf tournament.

Couples finished 54 holes at 201, 12 under par. Frost, tied with Couples for the lead after two rounds, had a 69-202. Gil Morgan (69-204) birdied the last two holes to take over third place. Greg Norman (71) and Chip Beck (70) were next at 205.

For the Record

Perris Valley, a 7-year-old ridden by Brendan Sheridan, won Saturday's Grand National steeplechase in Fairy-house, Ireland. The 12-1 shot moved ahead of Captain Batnac in the closing strides to score by three-quarters of a length. (AP)
Risen Star edged Kentucky Derby
favorite Forty Niner to win the Lexington Stakes Saturday in Lexington.

Kentucky. Jacinto Vasquez kept the son of Secretariat and winner of last month's Louisiana Derby off the pace until the home stretch; timed in 1:44-4/5, Risen Star won the 1-1/16-mile (1,710-meter) event by a head over For-

VANTAGE POINT/George Vecsey

McEnroe Wins First Tourney in 19 Months Take Me Out to the Balk Game.

NEW YORK — Daddy, Daddy, can we go to another ball game real soon? I liked the hot dogs and the sods and the home run and the lights on the scoreboard, but what I really liked best, Daddy, was when the man in the blue uniform waved his arm and let the runner take

Gosh, that was fun. The fans yelled and the manager yelled and the players yelled. It was like playing Simon Says. When I grow up, I'm going to be a man in blue, too, so I can wave my

arm and let the runners move on.

Baseball is the best spectator sport ever invented, but it has a marvelous tendency to shoot itself in the foot, like Inspector Clouseau on a case. The diluting of the strategic inner game by the designated hitter is well documented. Expansion has robbed the American League of rivalries by scheduling more games outside a division than within it.

Now we have the Great Balk Hula-Hoop Pet-Rock Frolics of 1988. And one can only shud-der about what will happen if these jokers get serious about interleague play: Boom - they'll blow off their own toes.

Maybe it's only a fad, like yo-yos or Nehru

jackets, but the balk keeps getting in the way of the game. Two weeks into the season, the fans have become conditioned to expect it. Balkmania could turn fans into moochers, freeloaders, wishful thinkers. No longer will they dream of a rousing double into the corner, a masterful hit-and-run, a drag bunt. Nowadays, with run-ners on base, they whine, "Balk!"

Last winter, the powers in baseball urged the umpires to enforce the balk rule, which calls for pitchers to make a full stop in the stretch position with runners on base. If you didn't have the balk rule, runners like Vince Coleman and Rickey Henderson could not add their dimension to the game. If the rule were not enforced with some consistency, pitchers, wily creatures that they are, would find ways to cheat.

But sending memorandums to umpires only invites them to follow orders with a vengeance. One remembers proud umps like Al Barlick calling balks — and probably legitimately — in the spring of 1963, naturally penalizing the least

skillful of pitchers (who happened to be clustered on the worful New York Mets). By Me-Manager Herzog is not upset about the epimorial Day it was all forgotten, and recidivist pitchers went right back to their life of crime. "Give it half a rotten season," insists Whitey Herzog, the man who started this mass hysteria during the 1987 World Series, complaining that

Baseball has a tendency to shoot itself in the foot, like Inspector Clouseau on a case. Diluting the strategic inner game by the designated hitter is well documented. Expansion has robbed the American League of rivalries by scheduling more games outside a division than within it. Now we have the

Bert Blyleven of the Minnesota Twins was committing a balk every time the St. Louis swifties reached first base.

Pet-Rock Frolics of 1988.

Great Balk Hula-Hoop

"It was an indubitable joke," Herzog more or less said. "Everybody could see what he did. I mean, if you were playing the Cardinals, wouldn't you tell your pitchers. Blast it, cheat, they aren't going to call it anyway, and they'll steal second anyway?" (In Herzog's Stengelian syntax, the first "they" referred to umpires; the

Manager Herzog is not upset about the epi-demic of balks — 136 in 122 games going into the weekend's games, compared to only 30 at a comparable point last year, according to the balk officer on duty at the Elias Sports Burean in New York

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The good news is that with all the emphasis on balks, Herzog has not had time to inspect Howard Johnson's bats for their fabled cork.

linings. Of course, with Johnson hitting only
138 going into Saturday, why bother? There will be plenty of chances for the Mets and Cardinals to get legalistic or snappish. All teams play each other 18 times in their own division in the National League, producing five.

legitimate rivalries. What Met fan can forget how the vibrant young Pirates terrorized the Mets last Septem-ber? Or what Mike Schmidt and Ozzie Smith have said about the darling Metropolitans?

The American League, with its cumbersome 14 teams and equal schedules, does not create the 14 teams and equal schedules, does not create the same intense familiarity. Now there is talk of interleague play, presumably because the insatiable masters of television want a new diversion. Tired of the same old pairings, television might pay a few more dollars for the first-ever regular season meeting between the Yankees and Mers, to be shown on an obscure Thursday night. to be shown on an obscure Thursday night.

Baseball, not having confidence in its own history, its own appeal, will listen to the Sportin' Life proposal. What the heck — a few extra dollars — what can it harm?

Only rivalries. Balance. Statistical measures.

Tradition.

The proper place for the Mets to meet the Yankees is in a World Series. Or in spring. training, if George Steinbrenner can get over his soit. Or in the dormant Mayor's Trophy Game.

And in the imagination of New York fans.

The end result of interleague play will be that

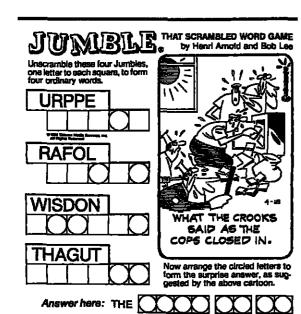
one day Met fans will wake up and, instead of playing the White Rat and the Cardinals, the Second "they" referred to his Cardinal runners.)

After Herzog's hectoring, umpires called two balks on other Minnesota pitchers, none on the the people who run baseball to understand that. Cardinals, and the Twins won the World Series They're too busy riding out balk-mania.

DENNIS THE MENACE



* HE CAN SMELL BETTER THAN WE CAN, BUT HE



Jumbles: BELIE CIVIL EXTENT SCHOOL What alcohol causes people to give when they lose their inhibitions—EXHIBITIONS

WEATHER

EUROPE AFRICA LATIN AMERICA Buenes Aires Coroces Lime Mexics City Rio de Janeiro MIDDLE EAST <u>OCEANIA</u>

PEANUTS

BLONDIE

Solution to Friday's Puzzle

OXEN ARBOR OHRE
LOAD BELAY MINE
ENROLL EDUCATED
ROES SKATE
CONSIDER YEOMAN
ALIEN GATUN EVE
RIND DUMAS ETAL
AVE GREEK TRAIL
TETANY TINSELLY
EVADE NEAT
SWEATOUT ERHARD





IF ANYONE SUSPICIOUS P COMES NEAR YOU, TEAR IT UP AND EAT THE PISCES







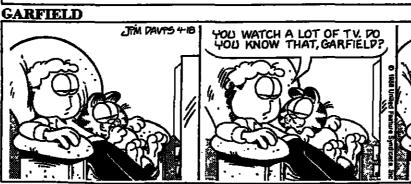






CAN'T REAP. WHAT'S YOUR EXCUSE?





Amsterdam

After a buoyant start to the week, sentiment on the Amsterdam Stock Exchange suffered a reversal Thursday on news of the big U.S. trade

deficit for February.

The ANP-CBS general index finished Friday at 247.3, down from 249.6 the previous week. Volume for the week was 7.48 billion guilders, up from 6.027 billion guilders.

Frankfurt

Prices on the Frankfurt Stock Exchange closed lower last week, failing to maintain an day and Friday following a report of a big U.S. trade deficit, and the Commerzbank stock index finished Friday at 1,386.3, down 9.9 from the previous week's close of 1,396.2.

Volume on the eight West German stock markets almost doubled for the week to 14.19 billion Deutsche marks, against 7.58 billion the previous week.

Department stores were among the best performers, with Horten adding 2 and Karstadt 18. Autos were irregular. Daimler was down 1 and Volkswagen fell 2.90 while BMW gained 13. Investors reacted negatively to major banks' announcements of mediocre results for fiscal 1987. Dresdner Bank lost 0.30, Commerzbank 5, and Deutsche 7.50.

Hong Kong
The Hang Seng Index shed 20.92 points in active trading on the Hong Kong Stock Exchange last week. The indicator swung from its highest level since the October stock market collapse into an 85-point tailspin.

The key market barometer finished Friday at 2,598.95 points, against 2,619.87 a week earlier. The Hang Seng had risen 75.9 points the previous week

the previous week.

Average daily turnover rose to 1.506 billion Hong Kong dollars from the previous 1.062 billion Hong Kong dollars.

After a net gain of 16.07 points Monday and Tuesday, the Hang Seng rose Wednesday to 2.671.24, its highest level since October. Dealers said active trading was fueled by a solid performance on overseas markets. The upward move continued Thursday, with the index gaining 12.89 points, but it was cut short Friday when the Hang Seng plunged 85.18. Dealers said the frenzied selling was triggered by the sharp fall Thursday on Wall Street.

London

The London Stock Exchange had an extremely irregular week, with shares buffeted by U.S. news. The Financial Times-Stock Exchange index of 100 shares closed at 1,778.60, barely changed from 1,779.70 a week earlier. The recent cut in British interest rates and firmer crude oil prices boosted sentiment Monday as the new trading account got under way. On Tuesday, the market was dull and closed slightly down, and there was a small rise Wednesday.

On Thursday, after a good start, the market turned sharply lower following publication of poor U.S trade figures, and the exchange re-corded one of its biggest falls since the beginning of the year, On Friday, despite a nervous opening that

saw shares marked sharply lower after Wall Street dropped by nearly 5 percent overnight, stocks trimmed some of their losses. Takeover speculation surrounding Rown-tree benefited the food sector. Jacobs Suchard of Switzerland had grabbed a 14.9 percent stake in Rowntree during a dawn raid on Wednesday, and the British company's shares

Major exporters, which had advanced at the beginning of the week because of a weaker pound, were again hurt by a fall in the dollar after publication of the U.S. trade data.

Milan

Prices on the Milan Bourse declined last week as trading focused on the big de Benedetti and Ferruzzi-Montedison groups. The Comit index declined to 517.00, against 524.59 the previous Friday.

Volume was an average \$160 million a day, up from the previous week.

De Benedetti group shares, especially Olivetti and Cofide, were popular early in the week, but the financier's failure to win control of Societé Générale de Belgique SA on Thursday canceled much of the gain. Olivetti finished the week 1.09 percent higher, and Cofide gained 3.58 percent. Sabaudia lost a hefty 9.55 percent, and CIR 7.51.

Ferruzzi-Montedison Group shares rose

In Dustness Acquisitions

Agence France-Presse

VERONA, Italy — Pope John Paul II warned financiers on Sunday against trying to ensure "domination" by excessive purchases of holdings in other businesses.

Spaking to a business group in Verona northern Italy, the pope criticized a striving for financial holdings making it possible to enjoy extensive and ever more dominating."

A poll published Sunday in Italian newspaper of the participation of the country. The survey said that 403 companies changed hands in Italy last year. It also noted that in March, there were 1,700 business mergers worldwide.

rather regularly, with Montedison adding 2.95 percent on foreign buying. Some massive purchases of Pirelli were made, and it closed 13.38 percent higher. Volume in the stock quintupled.

Paris

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Prices on the Paris Bourse posted a healthy gain last week despite a marked fall after reports on the U.S. trade deficit and a sharp rise in U.S. wholesale prices. The CAC index finished the week at 296.8,

below the week's high of 305 at Thursday's close but up from 287.4 the previous Friday.

Analysts said the solid Paris performance resulted from the return of foreign investors. some good performances on other exchanges; especially in Tokyo; encouraging 1987 earnings reports; and an emphasis by French presidential candidates on the importance of help-

The auto sector was particularly strengthened by a sharp increase in French vehicle registrations during the first quarter.

Singapore

Sellers dominated trading last week on the Singapore stock market, with the Straits Times Industrial Index falling 14.1 points to close Friday at 933.44. Average daily turnover was 19.06 million units.

On the last day of trading Friday, the key market barometer lost a herty 23.67 points, wiping out a gain of 9.57 recorded during the first four days first four days.

Tokyo

Prices on the Tokyo Stock Exchange continued their advance last week, with the Nikke, stock average, topping the 27,000 level Thursday before closing out the week at 26,893.57 points. It rose 144.68 points for the week.

Trading was moderate, with about 922 million shares changing hands daily against 1.22 billion the previous week. The value of stock traded averaged 1.062 trillion yea, down from

The Nikkei average lost a substantial 217.78 points Friday, its first drop in five sessions. The fall was triggered by tumbles Thursday on major exchanges because of the unexpectative widening in the U.S. trade deficit in February

But many analysts said Friday's fall was needed to cool an overheated market. The Nikkei average had jumped 446.77 points the previous week.

From Monday through Thursday, the market barometer of 225 blue chips set a new record each day. Its finish of 27,111.35 Thurs day marked the first time the stock average had-topped the 27,000 level.

The TSE composite index of all common

stocks listed on the first section finished at 2,173.80 points. That represented a fractional 0.34 point gain from the previous week.

Analysts said the TSE index's small rise showed that high-priced stocks in the electric power, financial and telecommunications see tors have not recovered their full strength since the October market collapse. The TSE index hit a record 2,258.56 on June 11.

Zurich

The majority of Zurich issues ended the week higher as the market displayed resistance to the plunge Thursday on Wall Street. The Credit Suisse index ended the week at 455.6 upon 145.0 from 445.9.

Volume was low most of the week. The banking sector moved lower, as Union Bank of Switzerland lost 100 to 3,000 francs, Swiss Bank Corp. 2 to 330, and Crédit Suisse 10 to

Pope Urges Moderation In Business Acquisitions

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Threatens Olympic Ban of Britain Sterious Moscow, The Mark Circum Circum 20 Days to Bar Budd From Running for at Least Year

National Group Given 30 Days to Bar Budd From Running for at Least Year

LONDON - The International that a dozen have runner Zola Budd barred aresting law runner Zola Budd barred from all international competition for a year, and has threatened, if she is not, to usu an an arrival she british least That would keep the British trans out of the Olympics this fall.

araguan rebel train out or unanimous decision, use ist government at large AAF's supreme council recommended Saturday that the British Amatair Athletic Board suspend Africa. how to advance study of her ties to South Africa.

h were not in the council resolution included the were not included the south Africa. h were not interest what British officials called a "veiled nong rebel led threat"—the IAAF gave the British between the comoposal did to a mineral and intimated that if the non," the IAAF would suspend the

itical Rolling non," the root relation.

The is moral blackers. ate: battled a big thing fones, who placed fourth in tople were injuried automatically qualified for the Brinish Olympic team. He said Budd the backed all the way. I'm

"should be paration an including to take suspension."

If was only the second time in that the IAAF has threatring Ring a member nation with a ban-according to one British official. South Africa is the only member to scarce U.S. down have been expelled, because of its racial separation policy, apartheid.

Budd was suspended by the that Budd did not compete at meet but said it was "particular meet but said it w d network with the digation that she watched a low tigation that she watched the low tigation that she wat

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may compete only in Britain.

The complex issue involves what many in the world athletic community see as Budd's rejuctance to se-sial decision from the IAAF, and ver her ties with South Africa. She achieved at least two objectives for came to Britain four years ago and Swiftly was given a British passport that enabled her to compete in the 1984 Olympics in Los Angeles. But she became a British citizen only this month, which rankled some, and until two months ago she spent several months a year in her homeland.

Budd had waited for 10 hours in hope of appearing at IAAF meetings friday, but was never summoned before the council. Saturday, she did not attend the session and spent the day in seclusion. She received word of the decision by telephone at her home in Guildford, Surrey, about 30 miles (48

The IAAF statement said: "It was clear that Miss Budd greatly exceeded the bounds of being a mere spectator at a cross-country meeting at Brakpan, South Africa. Not only was she there in her training gear, but she trained on and near the course in full view of the crowd and according to one British official, at one stage by her own admission South Africa is the only member to actually ran alongside ineligible run-

kilometers) south of London,

The IAAF council acknowledged that Budd did not compete at the

AMERICAN LEAGUE

NATIONAL LEAGUE

Hockey

SATURDAY'S RESULT

(Washington wins series, 4-3)

SECOND-ROUND SCHEDULE

SECOND-ROUND SCHEDULE
Waites Conference
April 18: New Jersey at Washinston
April 20: New Jersey at Washinston
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April 18: Boston of Montredi April 20: Boston of Montredi April 20: Montredi of Boston April 24: Montredi of Boston X-April 26: Boston of Montredi X-April 28: Abertonal of Reston

2-April 28: Montreol of Boston x-April 30: Boston of Montreol

April 19: St. Louis of Detroit April 19: St. Louis of Detroit April 23: Detroit of St. Louis April 25: Detroit of St. Louis April 25: Detroit of St. Louis

x-April 27: St. Louis at Detroit x-April 29: Detroit at St. Louis x-May 1: St. Louis at Detroit

x-May 1: St. Louis at Detroit
April 19: Edmonton at Coloury
April 21: Edmonton at Coloury
April 22: Cateory of Edmonton
April 25: Coloury of Edmonton
April 27: Edmonton at Colour
-April 27: Cateory of Edmontor
x-May 1: Edmonton of Cateory

CAMPBELL CONFERENCE

Galley (1), Miller (3), Hatcher (5) (5). Shots on goal: Philodelphia (on Peniers) 6-15-9-3-33; Washington (on Hextall) 4-19-9-

Conference, First Round
1 2 1 8-4
9 3 1 3-5
Miller (3), Hotcher (5), Hunter 2

NHL Playoffs

Cleveland New York Detroit Boston Toronto Milwaukee

W L Pct. GB

IAAF principles and rules."

Saturday's recommendation spirit of the rules of the IAAF." shifted the pressure of a controverful African bloc by suspending no longer acceptable.

Budd from at least the Olympics in lts decision significantly broad-Budd from at least the Olympics in Seoul, and it relieved the IAAF of

matter to the British High Court. If the British choose to support Budd, whom they have vigorously defended in the past, they may cause of the high altitude and mild jeopardize the future eligibility of climate in some areas. all British athletes. Further, with the threat of being thrown out of the IAAF, the board has to consider its standing within that group. If the British accede and suspend Budd, then the appearance will be

that she was sacrificed to save face. The board scheduled an emergency council meeting for next Sunday to consider the recommendation, its

ry, and it would be unwise to comment before the meeting," he said. "We have always taken the view that Zola did not break the rules. interpretation on them and that is obviously definitive."

At issue is IAAF Rule 53i, which IAAF last month, pending an investigation that she watched a race in Brakpan, South Africa, last summer.

The international suspension has

been extended for the 30-day period from a country which openly prac- broke the letter of the rule. Instead during which British officials will tices racial and other kinds of disit said, in part, "it appears to the
consider her case. In the interim, she crimination in open violation of council that Miss Budd, at the very least, has been in breach of the

As for the issue of taking part. the council clearly gave notice that the previous interpretation, which that group: It appeased the power- had meant actually competing, was

ened the interpretation of the participation rule and will set a precelegal culpability if she takes the dent likely to affect other athletes. Many international runners are drawn to train in South Africa be-

> The IAAF decision was welcomed by a London-based antiapartheid group, the South African Non-Racial Olympic Committee. It has led the campaign against Budd. Sam Ramsamy, the head of Sanroc. described it as "a compromise

Zola Budd."

spokesman, Tony Ward, said.

Africa's leading track official on adopt an attitude toward apartheid the IAAF council. Lamine Diack. in keeping with the spirit of the serious matters in the board's histo-said that ousting Britain from the IAAF's constitution. IAAF was not an idle threat. "The BAAB has to respect our

rules," said Diack, president of the pan meet prompted some African African Amateur Athletics Confed-nations to threaten to boycott last but now the IAAF has put a wider eration. "The AAAC understands month's world cross-country chamthat some people see Miss Budd as a pionships in New Zealand had young girl, with her life ahead of her. Budd been allowed to compete. Algoing through a confused and at



Zola Budd

that fell short of what the Africans duct, but it does not excuse it. The wanted, which was a total ban on AAAC...looks to its brother federation, the BAAB, in future to

> The furor over the allegations of Budd's participation in the Brakthough she had qualified for the

Compiled in Our Stall From Disputches John Farrell was holding the Ori-MONTREAL — Andres Galarioles to four hits for 813 innings, Jack Clark, struck out three times. raga drove in three runs with a helping extend their season open. He now has fanned in eight of his homer and a single Sunday as the ling losing streak to 12 games, one Montreal Expos defeated the Phila-short of the major league record. delphia Phillies, 5-2, and sent them to their seventit straight defeat.

لمكذا من ألاصل

Pascual Perez pitched seven innings, allowing four hits while striking out eight, to help the Expos sweep the three-game series. Andy their best start since 1966. They McGaffigan worked the final two have won five in a row. innings to get his first save, allow-

With the score 2-2, Herm Winhits in his last 30 at-bats. Baltimore's ningham led off the home fifth with Cal Ripken went zero-for-four; he is a single off reliever Bill Dawley and, two outs later. Galarraga hit his second homer this season. Dawley came in when starter Da-

vid Palmer, who homered in the top of the fifth, left the game with a muscle spasm in his right arm before the Expos' half of the inning began. Astros 5, Reds 3: In Houston. Nolan Ryan struck out nine and broke a tie with a two-run single

against Cincinnati. Ryan, who has not pitched a complete game since April 25, 1986, against Cincinnati, went eight innings, allowing seven hits. He got off to a shaky start when Barry Larkin

his first homer this year. With the score 2-2 in the second. Mark Bailey singled and Chuck Jackson doubled. Ryan then poked a single off shortstop Larkin's glove, scoring both runners, Ryan later scored on Danny Jackson's

second balk of the inning.
Indians 4, Orioles 1: In the American League, in Baltimore, Mel Hall and Brook Jacoby each got three hits for Cleveland while the Brewers a 5-1 lead.

The Indians, who won for the 10n, Mike Greenwell drove in a

SUNDAY BASEBALL

Hall, who went three-for-four with two doubles and an RBI, has 14

hitless in his last 29 at-bats. The Indians broke a 1-1 tie with two runs in the fourth. The first came on consecutive doubles by Jacoby and Hall. Hall took third when right fielder Joe Orsulak misplayed the ball off the wall and scored on

Corey Snyder's sacrifice fly. Brewers 6, Yankees 3: In Milwaukee, Joey Meyer homered for his first major league hit, while Robin Yount and Rob Deer also

homered against New York. Ted Highera vielded only an unearned run in the third until Ro-

berto Kelly got the Yankees' first extra-base hit, a one-out double in the ninth. Mike Pagliarulo followed hit the second pitch of the game for with his third homer this year. Meyer's solo homer just inside the

right-field foul pole ended a 1-1 tie in the fourth, then he doubled and singled. Yount and Deer hit their homers, the fourth for each, in a three-run fifth off John Candelaria.

Candelaria was ejected from the game after he hit the Bill Schroeder in the back with a pitch immediately after Deer's 430-foot homer gave

Twins 3, Blue Jays 2: in Toronto,

last 11 at-bats. Red Sox 15, Rangers 2: In Bos-

11th time in 13 games, are off to career high six runs with a homer, two singles and a ground out against Texas.

Rick Cerone, acquired as a free agent Thursday, had four hits and Jim Rice and Marty Barrett each

had three of the team's 20. Staked to a 10-0 lead in the first two innings, Bruce Hurst breezed

to victory with a four-hitter. He struck out eight and walked three in his first complete game this year. Blue Jays 2, Twins 0: in Toronto.

Mike Flanagan and Tom Henke held Minnesota to seven hits and Kelly Gruber figured in both runs as his team ended a four-game slide.

The Twins' Les Straker, who has not won on the road since July 9. allowed seven hits in seven innings. Tigers 8. Royals 6: In Detroit, Chet Lemon extended his hitting streak to all 10 Tiger games, driving

in two runs and scoring twice against Kansas City. Three of the Royals' four hits off Jeff Robinson were bases-empty homers, two by George Brett and one by Jamie Quirk. Brett also

drove in a run, in the eighth, with a single and had three RBI.

Brett's fourth-inning homer, his third this season, cleared the roof in right field, the first ball hit out of Tiger Stadium since Kirk Gibson did so against Milwaukee's Chris Bosio on Sept. 10, 1986. Of the 22

homers hit out of the stadium, all

SCOREBOARD

Baseball

ine Scores

Friday's and Saturday's M	lajor League Line Scores
FRIDAYS RESULTS AMERICAN LEAGUE Tesses 900 901 910 1-3 7 0 80cton 200 903 908 9-2 2 1 Hough and Petrcutti Soliers, Gardner (8) and Morzono, W-Housh, 2-1, L.—Gordner, 0-1 HRS.—Texas, Suechele 2 (2). New York 510 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 900 910-7 7 1 516 910 910 910 910 910 910 910 910 910 910	Nort. W—Bosio. 2-1. L—Rhodes, 1-2. HRs—N.Y. Slaught (2). Milwaukee, Brock (1). Yount (3). Chicage 22, 991 982—5 6. Dakigad 981 995 983—6 6. Perez. Thiopen (8) and Solos, Fisk (8): Do. Vis. Honeycult (8) and Hassey. W—Perez. 1-4 L—Corks, 1-1, Sv—Thippen (2). Cirveland 906 999 99—9 3. Baltimore 996 996 996 90—9 8 Swindeki, Jones (11) and Allarson, Bandi (9): Morpon, Schmidt (16) and Nichols, W—Swindeki, 3-0. L—Schmidt, 9-1. Sv—Jones (2). California 921 939 936—4 71 Seettie 110 981 982—7 12 : Frager, Bujlon (6), OliMichele (9). Moore (9).
Battimora 929 800 958~2 7 9 Yett, Jones (6) onel Altanson; McGregor,	and Boons, Wynegar (7); Swift, Nunez (8) and Valle, WNunez (1), LBuico, G.L. HRsCal

to their to combक्षा ह्योंटे **या ब्र**ं Yeth Jones (B) and Allantan: McGregor, Sisk (B) and Kennedy. W-Yeth.24. L-McGregor, 0-2 Sw-Jones (1). HRS-Cleveland: Snyder (4). Carter (2). Battimore, Sheets (1). Colifornia 289 186 283-5 7 2 28 000 180-3 6 1 South Seattle . Will and Boone: Moore. Wilkinson (8). Jack-

son (8) and Valle, W.—Wilt, 1-1, L.—Wilkinson, son (8) and Valle W-With 1-1, L-With Insort,
92 HR-California, Downline (1),
Chicago 98 36 199-11 7 3
Chicago 98 382 391-3 18 1
Herton, Dovis (8), Thispen (9) and Fish;
Wiech, Melson (6) and Steinbach, W-Horton,
21, L-Welch, 1-2 HRs-Chicago, Colderon

A CONTRACTOR (1), Williams (2). (Reases City of Defroit, pod., cold)
(Reases City of Defroit, pod., cold)
(Allocases of Toronto, pod., cold)
MATIONAL LEAGUE

Philodelphia 900 012 500—4 7 2 Montreal 900 012 500—6 9 1 Reader, Frohwirth (6), Maddux (6), Rinchie (9) and Porrish; Youmans, McGriffson (6) Activity 20 Feb Burke (9), W—McGriffson, I-d. L—Froh-Sirth, 6-1, Sv—Burke (1), HR—Montreal, Rivers (1), Vers (1). The charge \$1. Louis

	New York	300 910 —3 5
Comment of the Control of the Contro	Mothews and Pena	:; Gooden and Carter. W-
1.00000	Gooden, 3-9, L-Maf	news_1-1_HRCarter (4
1.2.000	Clackoonti	200 809 829 2-4 9
Tales and T		101 000 000 6-2 3
· · · · · · · · · · · · · · · · · · ·	Robinson, Rijo	(8), Franco (10) an
The second second		th (8), Anderson (10) on
1.22 (1.25)	Ashby WPlin 7-1	. LAnderson, 1-1. Sv-
	France (2).	
		. 000 200 905-2 4
	Loc Assolut	009 161 16x-3 5
	Charles Dates (9)	and Virgi); Hershiser an
PATE	CHIAINE' LOSG (0)	dser, 141 (Glovine, 0.
1317.	Cot Consider	201 858 401—8 11
· . 1 . 1	SON PRODUCTION	201 000 401 -0 ·1
·		900 100 003-3 B
	Reuschel, Harrick	er (7) and Melvin; Gran
Thinks will be	Sierra (6), Booker (8) and Santiago. W-Reut
7- 2-42	chel, 20. L—Grant	, 0-2. 5v - Hamaker (1.
		oo, Maidenada (1). So
- and	Diego, Repdy (1).	
16 12 30		_

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Roms (4), HR—Texos. Parrish (4).
Kassos City 989 918 917—2 6 2
Derrolt 918 198 82x—4 5 0
Leibrandt, Quisenberry (5) and Quirk. Mocforlane (6); Alexander. Henneman (9) and
Health, W.-Alexander, 1-1, L.-Leibrandt, 1-2,
Sv—Henneman (3), HRS—Kansos City. Jackson (3), Breff (2), Defroit, Trammell (2).
Minnesste 16 961 915—3 6 1
Toroeto 90 929 980—2 9 1
Viola, Berenquer (7), Reprofon (8) and
Laudner; Stofflemyre, Elchborn (2), Wells
(7) and Barders, Whilft (9), W.—Bercheyer, 1-2,
—Wells, 1-1, Sv—Reprop (4), HR—Minne-Carried States The second second المتلفظ الماسية

Tennis

MEN'S TOURNAMENTS (At Tokyo)

Steton Ecoers (1), Sweden, del. Brad Spewett, Australia, e-4, 6-3 John McEnroe, U.S., del. Shuzo Matsuaka, Pan. 7-6 (10-8), 7-6 (9-7) ite (3), U.S., del Mikoel Perinforz. Brud Gilberi, U.S., det. David Pate, U.S., & 3.

AcEnroe def. Gilbert, 6-3, 8-6, 6-4 Edberg del. Mayotte, 6-2, 4-2

Fisci AcEnroe del. Edbers, 6-2, 6-2 (Af Nice) Quarterlineis Andrei Chesnokov (1), Soviet Union, def. Karsi Novacek, Czechostovakla, 7-8, 6-1 Henri Leconte (3), France, def. Renald

Agenor (5), Holti, 5-7, 7-5, 6-1 Guy Forget (8), France, det. Guillerma VIlos, Argentino, 6-3, 6-3 ne Poller. France, det Jorge Arrese. Spain. 7-6 (7-5). 6-2

Petter def. Forget, 6-3, 7-6 (7-2)
Lecente def. Chesnolov. 4-6, 7-5, 6-3
Fined Leconte del. Potter. 6- 2. 6-2 WOMEN'S TOURNAMENT

Sleff Groi (1). West Germ Charles Torres, U.S. 6-7, 6-1 lovo (2), U.S. del. Kothy

Hervett, U.S. 63, 6-7 Claudia Keleta lie Kohde-Klisch (4), West Germany, del. Zino Garrison (5). U.S. 6-1 6-2

Sobatini del. Graf. 6-3, 4-6, 7-5

NBA Stand	ings						
. EASTERN CONFERENCE							
Atlentic Division							
	₩	L	Pct.	GB,			
v-Seston	55	22	J14	_			
New York	37	42	.468	19			
Washington	36	42	.462	19%			
Philadelphia	34	44	.436	2315			
New Jersey	18	61	228	38			
) New Jersey 18 61 225 36 Central Division							
v-Defroit	52	26	447	_			
x-Atlanta	48	30	415	4			
x-Chicogo	47	30	A10	4/2			
x-Alibecukse	40	37					
Claveland	39	40	494	1342			
Indiana	36	42	462	īá			
WESTERN /	-aucen	=4/	-=				
			-=				
	EASTERN Attention v-Soston New York Washington Philodelphia New Jersey Cestro v-Defroit x-Attento x-Chicago x-Aktiveoukee Cleveland Indiano	Attentic Division v-Boston W v-Boston W v-Weshington 34 New Jersey 18 New Jersey 18 Central Division v-Defroit S2 x-Attento 48 x-Chicago 47 x-Milwoukse 40 Cleveland 39 Indiano 36 WESTERN CONFER	EASTERN CONFERENCE	EASTERN CONFERENCE	### RASTERN CONFERENCE Arientic Division #### L Pct. GB v-Boston SS 22 JT4 — New York 37 42 A66 199 Philodelehid 34 44 A36 2119 Philodelehid 36 42 A62 199 Philodelehid 36 42 A62 199 Philodelehid 37 44 A36 2119 **Centrol Division v-Defroit 32 25 A67 — **Antionto 48 30 A15 4 **Chicogo 47 30 A10 42 **Antionto 39 40 A91 319 Indiono 36 42 A62 164 WESTERN CONFERENCE		

Cincinsofi 00e 018 652—8 15 6
Heastor 96 018 652—8 15 6
Soto, Rile (7), Murphy (8) and Dioz; Kneeper, Comacho (7). Anderson (8). Agosto (9)
and Ashby, W—Rile, 2-1. L—Comacho, 6-1.
HR—Cincinnoti, Dioz (3).
St. Louis 088 31 086—4 7 1
Mew York 621 098 63x—6 7 1
Mew York 621 098 63x—6 7 1
Manarana, Arnold (3), McWilliams (4), Worrert, (8) and Laker Fernandez, Core (4), Mwers (9), and Carter, W—Cone. 1-0. L—Worrell, 9-2.
Sv—Myers (3), HRs—St. Louis, Coleman (1).
New York, Corter (5), Johnson (1).
Pittsburgh 080 488 400—4 8 6
Chicago Friday (9) 600 400—6 8 6
Chicago Friday (9) 600 400—6 5 b
Droberk and Levatilers; Macdus, Mbper Chicago

Los Aspeses

Mohier, Assenmother (4) and Benedict;
Belcher, Pens (8) and Scioscia. W—Belcher,
1-0. L—Mohier, 0-2. Sw—Pens (1).
Philodetholia 918 008 608 8—1 5 7
Montreal 908 918 1—2 6 6
K.Gross, Teiculve (10) and Porrish; Smith. Porrett (8), Burke (9) and Reed, W., Burke, 1-0, L.—Tekuhre, G-1, HRs.—Philadelphia, Par-

| Countrieriv 91. Assistis: Besien 24 (Bird 8), | Indiana | 22 33 22 40—128 | Cleveland 25 (Harreer 6), | Siz 27 21 73—102 | Pationdelinhia 25 15 27 21 73—102 | Pationdelinhia 13-28 10-13 36. Rivers 7-13 3-5 17; | Borkley 6-15 15-16 27, Robinson 13-20 1-2 23. | Rebounds: Atlanta 33 (Levingston 10, Philodelphia 35 (Gminski 10), Assists: Atlanta 3 (Inversity 12), Philodelphia 25 (Cheeks 8) | Rebounds: Atlanta 35 (Levingston 10, Philodelphia 25 (Cheeks 8) | Rebounds: Atlanta 32 22 42 24 24 | Rebushington 25 (Gminski 10), Assists: Atlanta 3 22 34 22 4—10 | Rebounds: Philodelphia 46 (Barkley 11), Indiana 79 (Shiles 6), | Rebushington 26 26 26 23 23—106 | Rew York 27 27 28 22 24 22—10 | Rebushington 27 (Shiles 6), | Rebushington 28 27 28 28 29—17 | Rebushington 28 (Lancison 10), | Republic 29 (Lancison 10), Major League Standings

Basketball

15). Golden State 26 27 24 36—113 Portland 15 38 41 31—110 Vandeweshe 10-14 15–15 36. Drexter 10-13-3-3 23; Frank 7-11 6-7 20, Ferti 7-12 6-4 18, Re-bounds; Golden State 39 (Frank 6), Portland 47 (Duckworth 13), Assists: Golden State 27 SATURDAY'S RESULTS

Ascoli 1. Sempdorio 1 Aveilino 1, Pescaro 1 Como 2, Ceseno 8 Empoli 8, Torino 8

Empoll 8, Torino 8
Inter Millon 3, Florentino 0
Juventus 2, Napoll 1
Pisa 8, Verono 8
Royna 8, AC Millon 2
Patats: Napoll 41; AC Millon 39; Ramo,
Sampdorla 33; Inter Millon, Torino 28; Juventus 27; Verono 24; Ceseno 23; Florentino, Pescaro 22; Ascoll 28; Pisa, Cama 19; Aveilina
18; Empoli 15.

SPANISH FIRST DIVISION Ceito B. Real Modrid G Cadiz S. Murcio 2 Barcejana 2, Real Sociedad G Betls 1, Voltadolid B es I, Glion O Logrones I. Gilen O
Adellardo A. Zorosoco è
Sabodett D. Cacsumo è
Artietico de Modrid I. Los Polmas O
Affielic de Biblao 2. Sevilla I
Votencia 2. Essaño i
Polats: Real Modrid 55; Real Societad As;
Altelico de Madrid, Amietic de Biblao 41;
Cetta 36; Sevilla 35; Vottodelid 34; Borcelano.
Cansuma 31; Gilon 31; Cadif 31; Votencia 03;

Osassina 33; Gijon 32; Cadiz 31; Valencia 30; Español, Zarosazo 29: Legranes 28: Murcla. Bells 27: Las Palmos 26: Malterca 25: Sabo-dell 22. FRENCH FIRST DIVISION

Marsellie 4 Lens 1 Brest 1, Connes 0 Auxerre 1. Le Hovre 1 Lille T. Bardequx & Nontes B. Parls-Solnt Germain &

Metz O, Montpellier 1 Mice 3, Toylouse & Motro Racing 1, Niort 1 Loval D. Toylon 3 Points: Monaco 44; Bardéoux 39: Maire Rocine 38; Morsellie 37; Montpellier, 51. Ellenne 36; Auxerre 35; Toulon 33; Metz 32; Nontes, Connos 31; Loval, Lille 30; Niori, Nice

27; Lens 28; Paris-St. Germain. Toulouse 27; Brest 26; Le Havre 22. WEST GERMAN FIRST DIVISION Kaiserslautern 1, Bayer Leverkusen 3 Werder Bremen 3, Homburg 0 Kartsruhe 0, Borussle Dertmund 0 Bochum 5, Stuttgart 1 Eln. Frankfurt 2, Bor. Monchenglod

Polats: Werder Bremen 45; Boyern Mu-nich. Cologne 39; Stuttgart 36; Nuremberg 33; Boruesia Manchengladbach 29; Bayer Lever-tusen, Hamburg 26; Elntrocht Frankfurt 26;

bounds: Socromento 51 (Pinckney 11). Son Antonio 45 (Anderson 8). Assists: Socramento 23 (Jackson 7), Son Antonio 25 (Sundvoid 8).

Oldjuwan 12:21 3-5 27, Maxwell 5-5 7-8 17. Re-bounds; Heyston 50 (Oldjuwan 9), Denver 45 (Schoves 11). Assists: Houston 30 (Leavell 7),

Deriver 22 (Lever 9).

Dollos 25 20 19 23—88

Seattle 20 19 35 31—115

Lister 9-12 1-1 19. Threat 17-10-2-3 16; Apuirre 18-23 3-4 24, Blackman 6-14 4-5 16, Rebounds: Dailgs 41 (Danaldson 13), Scottle 54 (McDon-lef, Lister 7), Assists: Dallas 16 (Harper 5),

Moents 12 22 28 32—114

A. Leiters 24 25 25 31—117

Eq. Johnson 11-20 9-12 31, Scott 11-21 1-1 25; Ed. Johnson 11-187-830, K. Johnson 7-164-418. Reboonds: Phoenix 49 (West 9), Los Angeles 47 (M. Thompson 9). Assists: Phoenix 30

Enropean Soccer

d, Waldhol Mannhelm 23: Bachum, Bo ITALIAN FIRST DIVISION yer Dordingen, Kalserslautern 21; Sc 20; Homburg 19. ENGLISH FIRST DIVISION Arsenal C. Waltard 1 Transition

BASEBALL

land Tigers of the Florida State League.

baseman, on the 15-day disabled list. Recalled Llayd McClendon, third baseman, from Nosh-ville of the American Association. HOUSTON—Ploced Joacutin Anaulor, pitcher, on the 21-day disabled list, Recalled Ernie Comacho, pitcher, from Tuscon of the Pacific Coast League.

PHILADELPHIA—Placed Jeff Cottoun.

pitcher, on the 15-day disabled ist. Optioned Todd Frohwirth, pitcher, to Naine of the International League, Recoiled Bill Dowley and Gree Harris, plichers, from Maine. FOOTBALL

Mational Football League and Derrick Thomas, fullto COLLEGE

BIOLA—Announced the resignation of Howard Lyon, basekball coach, effective at the end of the semester, Named Dave Holmquisi baskethali cooch. HOLY CROSS—Named Rad Baker assisrant bosketball coach. KANSAS-Married Gary Schwartz trock and field and cross-country coach.

METRO ATHLETIC CONFERENCE—
Named Dale Smith assistant director.

MOUNT ST. VINCENT—Announced the

PENN STATE-BEHREND-Named Jenother Crowford worker's basisficial racin-west GEORGIA—Fired Roser Kalser, otheric director, but amounted he will re-mein as basistical roogh, Named Devid Du-gan acting athletic director.

WHITWORTH-Nomed Juliene B. Sime:

Brewers Rout Yankees to End Slide; Orioles Lose Their 11th, in the 11th

Compiled in Our Staff From Disputches hit a three-run home run and Robin Yount homered with one on Saturday to help the Milwaukee Brewers end a seven-game losing streak major league record is 13. shared

with an 9-2 victory over the New York Yankees. Chris Bosio gave up both runs on four hits and three walks in seven innings. Chuck Crim pitched the

eighth and Dan Plesac struck out the side in the ninth. "It's a big win for us. We needed to get over the hump," said Bosio, who is 2-1. "I would have taken one run. It had been frustrating. We realiy hadn't played that badly."

The Brewers opened the scoring on Brock's first home run this season, then made it 5-0 in the second inning when Yount drove a pitch 420 feet (128 meters) following a single by Paul Molitor. Indians 1, Orioles 0: In Balti- games.

Compiled by Our Staff From Dispatches

tion welterweight title with a 12-

round draw against Mark Breland

here Saturday night, a decision that

was roundly booed by a crowd of

Breland had been a 2-1 favorite

o regain the 147-pound (66.5-kilo-

gram) title he lost on an 11th-round

knockout by Starling last August in Columbia. South Carolina. Both

fighters are from the United States.

vised doubleheader, Julio Cesar

Chavez of Mexico retained his

WBA lightweight title by stopping

Rodolfo Aguilar of Panama in the

sixth round. It was Chavez's 57th

victory in as many fights and his

"In the first couple of rounds, I felt

very stale," said Breland, "I couldn't put my punches together, but I got

better, and I thought I outpurched him in the last three rounds."

48th knockout.

In another title bout on the tele-

6,500 at the Las Vegas Hilton.

Keep Their WBA Titles

LAS VEGAS — Marlon Starling second half of the light retained his World Boxing Associa— Jugde Jerry Roth sco

more, Willie Upshaw singled Cory MILWAUKEE — Greg Brock Snyder in from second base with ta three-run home run and Rob- two out in the 11th as Cleveland handed the Orioles their 11th loss without a victory this season. The

SATURDAY BASEBALL

by the 1904 Washington Senators and the 1920 Detroit Tigers. Tigers 4, Royals 2: In Detroit, Alan Trammell led off the fourth with a homer and Doyle Alexander

City to six hits. Rangers 2, Red Sox 0: In Boston, Larry Parrish ended an 0-for-12 slump with a second-inning home run for Texas and Paul Kilgus held the Red Sox to three hits over 81/3 innings. The Red Sox have not scored in their last 18 innings, and have just 10 hits in their last three ing streak.

Jugde Jerry Roth scored it 116-

pion keeps his title on a draw.

on, in many rounds he seemed re-

round, a right to the head sent

Aguilar face forward to the canvas

in a neutral corner. He rose at the

73 knockouts as an amateur.

luctant to punch.

Starling, 29, was the aggressor count of five. but referee Richard Kruk homered of and harder puncher throughout. But Steele stopped the bout. (AP, UPI) with Pittsburgh.

straight defeat. The Twins had tied the score, 2-2, in the sixth when Gaetti led off with a single off reliever Mark Eichhorn, moved to second on a grounder and scored on Tom Brunansky's single. White Sox 5, Athletics 1: In Oakland California rookie right-hander Melido Perez of Chicago held the

seven innings, striking out eight. Ken Williams drove in two runs and Mike Henneman held Kansas with a misplayed triple in the second inning as the White Sox won their sixth straight at Oakland Coliseum. Mariners 7, Angels 6: In Scattle, Jim Presley's two-out single in the ninth capped a two-run rally that ended California's four-game win-

Dodgers 7, Braves 4: In the National League, in Los Angeles, Pedro Guerrero singled twice and doubled, driving in four runs, as Starling (Draw), Chavez doubled, driving in four runs, as Atlanta set a modern National League record with its 10th consecutive league record with its 10th consecutiv

utive loss at the start of a season. The previous record was held by four teams, including the 1919 Braves, the 1962 New York Mets Breland, 24, seemed to control the and, most recently, the 1983 Houston Astros.

York, Gary Carter's two-run homer in the eighth beat St. Louis, 113. Starling, while Steve Moretti favored Breland by 115-114. Elias Quintana saw it 114-114. A chamthen Howard Johnson, who had 36 home runs last year, hit his first of Starling looked sharp in the first four rounds, but although he kept Reds 8, Astros 2: in Houston, moving forward as the fight drew Eric Davis went three-for-five,

driving in two runs and scoring two for Cincinnati. In the final three rounds, Breland Pirates 4, Cubs 0: In Chicago, finally started to throw his right Doug Drabek pitched a five-hitter and R. J. Reynolds hit a three-run more, although it was anything but the punch that had helped him score homer for Pittsburgh.

Expos 2, Phillies 1: In Montreal, Chavez knocked down Aguilar with two rights to the head with seven seconds left in the first round Tom Foley singled Andres Galarraga home from third base with one out in the 10th, giving Philadelphia and stayed in control until the end, its sixth straight loss. although his taller, left-handed op-Padres 2, Giants 1: In San Diego, ponent fought well and at times pinch hitter John Kruk led off the made the champion look awkward. But a minute into the sixth ninth with a home run off Don

Robinson, beating San Francisco. It was the Padres' first pinch-hit

homer since July 10, 1987, when

Kruk homered off Robinson, then

Gary Gaetti's homer for Minnesota broke an eighth-inning tie and handed the Blue Jays their fourth hard-hitting A's to three singles for Mets 6, Cardinals 4: In New

> Make Blake Region-UP Minnesota right fielder Tom Brunansky had a rough fifth inning Saturday, misplaying Juan Beniquez's blooper for a threebase error and then (above) misjudging Kelly Gruber's drive,

which was good for a triple. But

Brunansky had an RBI single to

(UPI, AP) belp the Twins nip Toronto, 3-2.

1384 X 67 17 17 17 18 18

CAPITALIZING — Dale Hunter beat goalie Ron Hextall 5:57 into overtime to give Washington a 5-4 victory over Philadelphia in the seventh game of a first-round Stanley Cup series Saturday in Landover, Maryland. Hunter took a pass from defenseman Larry Murphy at the red line; skating in alone, he deked once before putting a wrist shot past Hextall. Only the fifth team in NHL playoff history to overcome a 3-1 series deficit, the Capitals will face New Jersey in the Patrick Division finals, which start Monday night.

. . --- - . -

By William Safire

against, to accuse.

Comes now the special prosecugang of four."

goletto" and his "Don Giovanni" was inspired in part by some naughty genre legal prose? paintings on the staircase of the Cognacq-Jay Museum in Paris (a frequent why "activities"? The use of covert action operations" is like a weather forecaster talking about the House Committee on Foreign the Most precipitation activity when he means "precipitation." (What he really means is rain, or if sporadic of his committee." When each is then showers.) why "activities"? The use of "co-learned Latin at Winchester." visitor to Paris, he is unlikely to take inspiration from the Musee d'Orsay. where he says the Impressionists look as if they are under house arrest. The building, he adds, looks like a post-modern Miller is not disturbed that his unor-

other support for military . . On the same page is "including the support of military . . " I prefer support for in these instances be- low. cause the support is material, not

had knowledge of specific military actions conducted by the Contras, had had contact with John K. Singlaub within the previous 20 months, had raised funds in sup-port of the Contras, had advised and guided Robert W. Owen with respect to the Contras, and had had frequent contact with Owen." Although the document shows

consistency in verb tenses through the most convoluted sentences, in this instance the series of past-per-fect verbs has a sore thumb sticking out. The past-perfect tense uses had and a past participle to show action completed (or state reached) before a specific time in the past. Here we of America." see had given, had had had raised, had advised, had guided — all fine. But — clunk! — had knowledge.

That should have been had known. 3. The effect-affect trap: High marks must be given the indicters for properly choosing the infrequently used verb to effect. This verb is not affect ("to act on, to move"), but "to bring about, to accomplish," as in "to effect the objects thereof. 4. Jargon: "the defendant

created and maintained a fa-gistical infrastructure for the enta-FEW YORK — Indice is a prise." Infrastructure is one of the strange verb; it looks as if it terms dear to the hearts of barrest. should rhyme with interdict. The crats who don't know if they want confusion is rooted in the Latin in- to say foundation, skeleton, frame.

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("against") and dicture ("to dictate, work, serup, or even the month order"); to indict is to speak filling but understandable administration trative organization. Winston Churchill derided an tor Lawrence E. Walsh with an in-dictment of John M. Poindexter, ture of a supranational authority. Oliver L. North, Richard V. Secord by suggesting "it may well be that and Albert Hakim, the Iran-contra these words infra and supra have been introduced into our current

How does this indictment rate as political parlance by the band of intellectual highbrows who are nat-1. Verbosity: The indictment re- urally anxious to impress Brinsh fers to "covert action activities"; labor with the fact that they

On one page of the indictment is used alone as a pronoun, it is concealing a program to continue the funding of and logistical and used before the verb as it is here as Passionan adjective modifying the phiral bed where chairmen, a plural construction -Maria ave "their committees" - should folpast desir "From early November 1986 is:

physical.

2. Detours from parallel construction: "the defendant North had given military advice to the Contras,
false and misleading statements." The pronoun their has no anteces ent. Elsewhere in the document their is unclear. Together with that official of the CIA, and in order to conceal their participation in these activities, the defendant.

North ... Who is involved in their North and that official. North and the agency? A whole bunch of guys?

6. Synonymy: "the defendant and others known and me known to the grand jury, unlawful ly, willfully and knowingly didcombine, conspire, confederate and agree together and with each other to defraud the United States

That certainly sounds like legalese, as in those wills that say your "give devise and bequeath" your old lawbooks to the baby who looks like William Rehnquist. Bit combine, which has a mostly neutral sense, is usually found in autotrust use: confederate denotes jointing, perhaps as an accomplice in mischievous or criminal activity; and conspire has the most criminal New York Times Service

HOTELS

Jonathan Miller, Highstepping at the Old Vic "The Mikado" is Miller's first crack at LONDON — There are times when Jonathan Miller envies the puissance Gilbert and Sullivan. "I just feit there was something mischievous that could be done with it," he says. He set his produc-tion in the 1930s and based it on the of the more glamorous European stage Marx Brothers film "Duck Soup." Like a family snapshot, a photograph from "The Mikado" is stuck to the wall,

directors and the vast sums they can command. On the other hand, he reflects, there can be too much glamour and gloss: That's one of the risks of European theater, that it is deadly chic. You feel

you're at the spring collections." In Paris

MARY BLUME

the most talked-about productions tend to be put on in hard-to-reach and intensely uncomfortable centers on the outskirts of town.

"It's a sort of totalitarian egalitarianism," Miller says. "Audiences go through this act of humiliation dressed in Balenciaga. It's an act of chic in its own right chic poverty, chic renunciation.

"In London the director is never assigned the role of monstre sacré that he is in Europe. Strehler is allowed to do anything he wants to, Ronconi spent something like three-quarters of a million dollars on a production. Here the director is treated more as a journeyman — 'Come on, Dr. Miller, you can't do that.' " In fact, Dr. Miller does much as he

pleases. In his first season as artistic director of the Old Vic he has chosen what he calls "a random selection of plays which emphasizes perhaps European plays that don't figure in the English repertoire."

They include a rarely performed ver-

sion by Brecht of "The Tutor" by Jakob Michael Reinhold Lenz, a contemporary of Goethe; a Jacobean tragedy by George Chapman that seems never to have been performed at all, a 19th century comedy by the Russian playwright Alexander Ostrovsky, and Miller's second go at "The Tempest" (his first, based on a French book called "Prospero et Caliban," viewed the play in the light of 19th century colonialism).

Miller began his Old Vic season with a slangy modern translation of Racine's "Andromaque," which he now thinks should have been subtitled "From Racine: A Version." He says that "Andromaque" interests him because with its interplay of passions but no demonstrable action, it is so far removed from British drama.

"This sort of diagrammatic theater is something which the British ought to be exposed to," he says. This sort of remark sets British teeth on edge.

Miller is a brilliant high-stepper in the land of muddle through: a little too clever, too informed, to be totally accepted. He is often referred to, dismissively, as a

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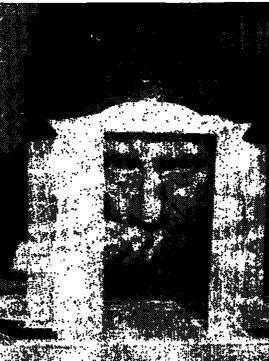
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Doctor and director Miller: back in the theater after a couple of years off working in neuropsychology.

"It's a sort of glib phrase for someone who does more than you would normally expect people to do, who can do two things at the same time or two things one after the other," he says. "In England it is the mirror image of another phrase which is 'jack-of-all-trades,' so that it has built into it condescension and disparagement. "I'm usually called jack-of-all-trades

by people who are scarcely jacks of one." Miller, who used to be red-haired and gawky, wears scholarly tweeds set off by ine socks ringed in many colors and bought to help a charity. Riding for the Disabled. He turned down a chance to partner Beatrice Lillie in order to continue his medical studies at Cambridge, and only when he had his degree did he go onstage and make history in "Beyond the Fringe," the 1961 revue that was described as "the moment when English comedy took its first decisive step into the 20th century.

Now one of Britain's most successful and controversial directors of plays and opera, he is back in the theater after a couple of years off to work in neuropsychology and to co-author a case study of

anoxic dementia.

had to abandon the illusion that he can keep up with his medical specialty while working in the theater. "It's very hard, I get frustrated," he says, for once not expanding his remark. He likes to be called Dr. Miller.

"When they call me Dr. Jonathan Miller I know I'm in trouble, I know I'm at the beginning of some satirical attack. Dr. Miller, though — it's a title you've earned that never leaves you. Yes, I think of myself as a doctor who works in the

He had just taken a call in his Old Vic office from an anxious woman who had seen him talk on Alzheimer's disease that morning on television, and his voice was soothing and precise. His other interests allow him to take a long view in the selfregarding world of the theater.

"If it doesn't work, then I'll become poor and that's all right. In the long run, the worst thing there is failure and there are worse things than that."

His intrepid curiosity is often taken as reckless, his independence as conceit. He is extremely sensitive to criticism but unlikely to modify himself because of it. He has a shelf of medical books in his
Old Vic office but it is clear that he has

"As long as people accept my things and let me do them, I go on doing them.

It's a question of trying your hand up to the point where you can't take the conditions any more. If the conditions start to interfere with what you think is worth doing, then you say goodbye. I'd rather There was talk that Miller recently said

goodbye to a Los Angeles production of "Tristan und Isolde" designed by David Hockney, leaving the job after a week. Miller says a week was all that was need-

"The important point is that there isn't all that much to do in Tristan," he says. "The directing consists of saying after about half an hour, 'I'd move to the left if l were you or people will fall asleep.' I shouldn't have done it in a way because I disapprove of it as a piece of drama. And also Hockney designed the set without regard to what I wanted as a director. I was really not much more than a butler."

Miller is just back from Toronto, where he looked in on his production of N.F. Simpson's play, "One Way Pendulum," which opens later this month at the Old Vic, and from Los Angeles where he staged "The Mikado" with his "Beyond the Fringe" colleague Dudley Moore as

next to one of his production of "Tosca," which he did all in black and white, set in

Fascist Rome in 1943, and based on the

thodox productions offend opera buffs.

There are always complete idiots who are actually members of the congregation rather than audiences, for whom chang-

ing a thing is tantamount to altering the

"That's because they don't understand

what a performing art is, that it's an art

that renews itself by virtue of the fact that

it has to be reproduced. There is no

canonical way of doing it: A text doesn't

change by being reprinted, but a theatri-cal work unavoidably gets changed by

Opera and the stage are two theatrical

modes he goes between. "Opera is just

another form and people are singing or caterwauling rather than talking. And it's

wonderful when the music comes togeth-

er with the libretto, it does things which

are completely impossible in the spoken

theater. But after three or four months of

people singing, I long to say come on, just say what you've got to say and get on

He prefers to work without what he

Britain's provincial opera companies.

just a sort of place where prestigious

things pass through. It's like the VIP

Miller has made one feature film, has

published several books and talks a good

deal on television as well as directing

special programs and plays. He is off to

Glasgow shortly to direct Bernstein's "Candide" and then he will do his second

"Tempest" at the Old Vic. Before that, he

says, he must nip up to Manchester for

TV: "I've got to interview some people

lounge at London airport."

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"Covent Garden," he says, "has become

helium-inflated stars" and he likes

He also staged a famous mafioso "Ri-

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